



NEW APPLICATION



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Arizona Corporation Commission
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Phoenix, Arizona 85007

AZ CORP COMMISSION
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T-2580A-05-0383

P.O. Drawer 200

Winter Park, FL

32790-0200

Re: Amended Resold and Facilities-Based Local Exchange Telecommunications Application for National Brands, Inc. d/b/a Sharenet Communications Company

Tel: 407-740-8575

Fax: 407-740-0613

tmi@tminc.com

Dear Sir/Madam:


Enclosed for filing are the original and thirteen (13) copies of the amended first page of the application to provide Resold and Facilities-Based Local Exchange Telecommunications Services for National Brands, Inc. d/b/a Sharenet Communications Company. This amended page reflects the type of telecommunications services the Company wants to provide in Arizona.

Any questions you may have regarding this filing may be directed to my attention at (407) 740-8575 or via e-mail at cwightman@tminc.com.

Please acknowledge receipt of this filing by date stamping the extra copy of this cover letter and returning it in the self-addressed, stamped envelope enclosed for this purpose.

Thank you for your assistance.

Sincerely,

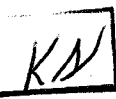

Connie Wightman
Consultant to National Brands, Inc.

CW/im.

cc: Gary Joseph, National Brands
File: National Brands - AZ Local
TMS: AZF0501A

Arizona Corporation Commission
DOCKETED

MAY 27 2005

DOCKETED BY	
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ARIZONA CORPORATION COMMISSION

Application and Petition for Certificate of Convenience and Necessity to Provide Intrastate Telecommunications Service

Mail original plus 13 copies of completed application to: For Docket Control Only:
(Please Stamp Here)

Docket Control Center
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007-2927

Please indicate if you have current applications pending
in Arizona as an Interexchange reseller, AOS provider,
or as the provider of other telecommunication services.

Type of Service: Interexchange Reseller

Docket No.: T-02580A-90-351 Date: _____ Date Docketed: _____ 1990

Type of Service: AOS Provider

Docket No.: T-02580A-90-351 Date: _____ Date Docketed: _____ 1990

A. COMPANY AND TELECOMMUNICATION SERVICE INFORMATION

(A-1) Please indicate the type of telecommunications services that you want to provide in Arizona and answer the appropriate numbered items:

- ☐ Resold Long Distance Telecommunications Services (Answer Sections A, B).
- ☒ Resold Local Exchange Telecommunications Services (Answer Sections A, B, C).
- ☐ Facilities-Based Long Distance Telecommunications Services (Answer Sections A, B, D).
- ☒ Facilities-Based Local Exchange Telecommunications Services (Answer Sections A, B, C, D, E)
- ☐ Alternative Operator Services Telecommunications Services (Answer Sections A, B)
- ☐ Other _____ (Please attach complete description)

(A-2) The name, address, telephone number (including area code), facsimile number (including area code), e-mail address, and World Wide Web address (if one is available for consumer access) of the Applicant:

National Brands, Inc. d/b/a Sharenet Communications Company
4633 W. Polk Street
Phoenix, Arizona 85043
Telephone: (602) 269-3201
Facsimile: (602) 272-3741
Toll Free (800) 279-5410
Website:

(A-3) The d/b/a ("Doing Business As") name if the Applicant is doing business under a name different from that listed in Item (A-2):

Sharenet Communications Company

(A-4) The name, address, telephone number (including area code), facsimile number (including area code), and E-mail address of the Applicant's Management Contact:

Gary Joseph, Vice President
National Brands, Inc. d/b/a Sharenet Communications Company
4633 W. Polk Street
Phoenix, Arizona 85043
Telephone: (602) 269-3201 x307
Facsimile: (602) 272-3741
Toll Free (800) 279-5410
Email: garyj@nationalbrands.com

(A-5) The name, address, telephone number (including area code), facsimile number (including area code), and E-mail address of the Applicant's Attorney and/or Consultant:

Connie Wightman, Consultant to National Brands, Inc.
210 N. Park Avenue
Winter Park, Florida 32789
Telephone: (407) 740-8575
Facsimile: (407) 740-0613
Email: cwightman@tminc.com

(A-6) The name, address, telephone number (including area code), facsimile number (including area code), E-mail address of the Applicant's Complaint Contact Person:

Gary Joseph, Vice President
National Brands, Inc. d/b/a Sharenet Communications Company
4633 W. Polk Street
Phoenix, Arizona 85043
Telephone: (602) 269-3201 x 307
Facsimile: (602) 272-3741
Toll Free (800) 279-5410
Email: garyj@nationalbrands.com

(A-7) What type of legal entity is the Applicant?

- ☐ Sole proprietorship
☐ Partnership: _____ Limited, _____ General, _____ Arizona, _____ Foreign
☐ Limited Liability Company: _____ Arizona, _____ Foreign
☒ Corporation: X "S", _____ "C", _____ Non-profit
☐ Other, specify: _____

(A-8) Please include "Attachment A":

Attachment "A" must include the following information:

1. A copy of the Applicant's Certificate of Good Standing as a domestic or foreign corporation, LLC, or other entity in the State of Arizona.
2. A list of the names of all owners, partners, limited liability company managers (or if a member managed LLC, all members), or corporation officers and directors (specify).
3. Indicate percentages of ownership of each person listed in A-8.2.

See Attachment A for National Brands, Inc.'s Articles of Incorporation, Certificate of Good Standing and listings of the Company Officers, Directors and Stockholders

(A-9) Include your Tariff as "Attachment B".

Your Tariff must include the following information:

1. Proposed Rates and Charges for each service offered (reference by Tariff page number).
2. Tariff Maximum Rate and Prices to be charged (reference by Tariff page number).
3. Terms and Conditions Applicable to provision of Service (reference by Tariff page number).
4. Deposits, Advances, and/or Prepayments Applicable to provision of Service (reference by Tariff page number).
5. The proposed fee that will be charged for returned checks (reference by Tariff page number).

See Attachment B for National Brands, Inc.'s proposed tariff

(A-10) Indicate the geographic market to be served:

- ☒ Statewide. (Applicant adopts statewide map of Arizona provided with this application).
- ☐ Other. Describe and provide a detailed map depicting the area.

See Attachment F for Statewide Arizona Map

(A-11) Indicate if the Applicant or any of its officers, directors, partners, or managers has been or are currently involved in any formal or informal complaint proceedings pending before any state or federal regulatory commission, administrative agency, or law enforcement agency.

Describe in detail any such involvement. Please make sure you provide the following information:

1. States in which the Applicant has been or is involved in proceedings. **Applicant was involved in an informal proceeding in OH. See Attachment C.**
2. Detailed explanations of the Substance of the Complaints. **See Attachment C.**
3. Commission Orders that resolved any and all Complaints. **See Attachment C for Settlement, no other orders were issued.**
4. Actions taken by the Applicant to remedy and/or prevent the Complaints from re-occurring.

See Attachment C

(A-12) Indicate if the Applicant or any of its officers, directors, partners, or managers has been or are currently involved in any civil or criminal investigation, or had judgments entered in any civil matter, judgments levied by any administrative or regulatory agency, or been convicted of any criminal acts within the last ten (10) years.

Describe in detail any such judgments or convictions. Please make sure you provide the following information:

1. States involved in the judgments and/or convictions.
2. Reasons for the investigation and/or judgment.
3. Copy of the Court order, if applicable.

No. See Response to A-11 above.

(A-13) Indicate if the Applicant's customers will be able to access alternative toll service providers or resellers via 1+101XXXX access.

☒ Yes ☐ No

(A-14) Is applicant willing to post a Performance Bond? Please check appropriate box(s).

☒ For Long Distance Resellers, a \$10,000 bond will be recommended for those resellers who collect advances, prepayments or deposits. -

☒ Yes

☐ No

If "No", continue to question (A-15).

☐ For Local Exchange Resellers, a \$25,000 bond will be recommended.

☐ Yes

☐ No

If "No", continue to question (A-15).

☐ For Facilities-Based Providers of Long Distance, a \$100,000 bond will be recommended.

☐ Yes

☐ No

If "No", continue to question (A-15).

☒ For Facilities-Based Providers of Local Exchange, a \$100,000 bond will be recommended.

☒ Yes

☐ No

If "No", continue to question (A-15).

Note: Amounts are cumulative if the Applicant is applying for more than one type of service.

(A-15) If No to any of the above, provide the following information. Clarify and explain the Applicant's deposit policy (reference by tariff page number). Provide a detailed explanation of why the applicant's superior financial position limits any risk to Arizona consumers.

Not Applicable.

(A-16) Submit copies of affidavits of publication that the Applicant has, as required, published legal notice of the Application in all counties where the applicant is requesting authority to provide service.

Note: For Resellers, the Applicant must complete and submit an Affidavit of Publication Form as Attachment "C" before Staff prepares and issues its report. Refer to the Commission's website for Legal Notice Material (Newspaper Information, Sample Legal Notice and Affidavit of Publication). For Facilities-Based Service Providers, the Hearing Division will advise the Applicant of the date of the hearing and the publication of legal notice. Do not publish legal notice or file affidavits of publication until your are advised to do so by the Hearing Division.

Note: The Applicant has pending Reseller / AOS Authority and will await Hearing Division instructions for publication of facilities-based local application. The Applicant has been providing AOS service in Arizona since 1990.

(A-17) Indicate if the Applicant is a switchless reseller of the type of telecommunications services that the Applicant will or intends to resell in the State of Arizona:

☐ Yes

☒ No

If "Yes", provide the name of the company or companies whose telecommunications services the Applicant resells.

(A-18) List the States in which the Applicant has had an application approved or denied to offer telecommunications services similar to those that the Applicant will or intends to offer in the State of Arizona:

Note: If the Applicant is currently approved to provide telecommunications services that the Applicant intends to provide in Arizona in less than six states, excluding Arizona, list the Public Utility

Commission ("PUC") of each state that granted the authorization. For each PUC listed provide the name of the contact person, their phone number, mailing address including zip code, and e-mail address.

National Brands, Inc. is certificated to provide resold long distance telecommunications service in the following states: Arizona (pending), California, Colorado, Iowa, Idaho, Indiana, Kentucky, Michigan, Minnesota, Montana, New Jersey, New Mexico, Nevada, New York, Ohio, Oregon, Texas, Wyoming. In addition the Company provides service in Utah where no registration or certification is required. The Applicant does not have local authority in any state and has not been denied certification or approval in any jurisdiction.

(A-19) List the States in which the Applicant currently offers telecommunications services similar to those that the Applicant will or intends to offer in the State of Arizona.

Note: If the Applicant currently provides telecommunication services that the Applicant intends to provide in Arizona in six or more states, excluding Arizona, list the states. If the Applicant does not currently provide telecommunications services that the Applicant intends to provide in Arizona in five or less states, list the key personnel employed by the Applicant. Indicate each employee's name, title, position, description of their work experience, and years of service in the telecommunications services industry.

Please see answer to question (A-18) above.

(A-20) List the names and addresses of any alternative providers of the service that are also affiliates of the telecommunications company, as defined in R14-2-801.

The Company does not have any affiliates.

B. FINANCIAL INFORMATION

(B-1) Indicate if the Applicant has financial statements for the two (2) most recent years.

☒ Yes

☐ No

If "No," explain why and give the date on which the Applicant began operations.

(B-2) Include "Attachment D".

Provide the Applicant's financial information for the two (2) most recent years.

1. A copy of the Applicant's balance sheet.
2. A copy of the Applicant's income statement.
3. A copy of the Applicant's audit report.
4. A copy of the Applicant's retained earnings balance.
5. A copy of all related notes to the financial statements and information.

Note: Make sure "most recent years" includes current calendar year or current year reporting period.

Please see Attachment D for the Company's current financial information.

(B-3) Indicate if the Applicant will rely on the financial resources of its Parent Company, if applicable.

Not Applicable.

(B-4) The Applicant must provide the following information.

1. Provide the projected total revenue expected to be generated by the provision of telecommunications services to Arizona customers for the first twelve months following certification, adjusted to reflect the maximum rates for which the Applicant requested approval. Adjusted revenues may be calculated as the number of units sold times the maximum charge per unit.
2. Provide the operating expenses expected to be incurred during the first twelve months of providing telecommunications services to Arizona customers following certification.
3. Provide the net book value (original cost less accumulated depreciation) of all Arizona jurisdictional assets expected to be used in the provision of telecommunications service to Arizona customers at the end of the first twelve months of operation. Assets are not limited to plant and equipment. Items such as office equipment and office supplies should be included in this list.
4. If the projected value of all assets is zero, please specifically state this in your response.
5. If the projected fair value of the assets is different than the projected net book value, also provide the corresponding projected fair value amounts.

Please See Attachment E.

C. RESOLD AND/OR FACILITIES-BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

(C-1) Indicate if the Applicant has a resale agreement in operation,

☐ Yes ☒ No

If "Yes", please reference the resale agreement by Commission Docket Number or Commission Decision Number.

The Applicant is initiating an agreement with Qwest Communications, Inc.

D. FACILITIES-BASED LONG DISTANCE AND/OR FACILITIES BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

(D-1) Indicate if the Applicant is currently selling facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services in the State of Arizona. This item applies to an Applicant requesting a geographic expansion of their CC&N:

☐ Yes ☒ No

If "Yes," provide the following information:

1. The date or approximate date that the Applicant began selling facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services for the State of Arizona.
2. Identify the types of facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services that the Applicant sells in the State of Arizona.

If "No," indicate the date when the Applicant will begin to sell facilities-based long distance telecommunications AND/OR facilities-based local exchange telecommunications services in the State of Arizona:

Applicant plans to be operational as a facilities-based local exchange carrier as soon as this application is granted.

(D-2) Check here if you wish to adopt as your petition a statement that the service has already been classified as competitive by Commission Decision:

- ☒ Decision # 64178 Resold Long Distance
- ☒ Decision # 64178 Resold LEC
- ☐ Decision # 64178 Facilities Based Long Distance
- ☒ Decision # 64178 Facilities Based LEC

E. FACILITIES-BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

(E-1) Indicate whether the Applicant will abide by the quality of service standards that were approved by the Commission in Commission Decision Number 59421:

☒ Yes ☐ No

(E-2) Indicate whether the Applicant will provide all customers with 911 and E911 service, where available, and will coordinate with incumbent local exchange carriers ("ILECs") and emergency service providers to provide this service:

☒ Yes

☐ No

(E-3) Indicate that the Applicant's switch is "fully equal access capable" (i.e., would provide equal access to facilities-based long distance companies) pursuant to A.A.C. R14-2-1111 (A):

☒ Yes

☐ No

The planned switch will be fully equal access capable.

I certify that if the applicant is an Arizona corporation, a current copy of the Articles of Incorporation is on file with the Arizona Corporation Commission and the applicant holds a Certificate of Good Standing from the Commission. If the company is a foreign corporation or partnership, I certify that the company has authority to transact business in Arizona. I certify that all appropriate city, county, and/or State agency approvals have been obtained. Upon signing of this application, I attest that I have read the Commission's rules and regulations relating to the regulations of telecommunications services (A.A.C. Title 14, Chapter 2, Article 11) and that the company will abide by Arizona state law including the Arizona Corporation Commission Rules. I agree that the Commission's rules apply in the event there is a conflict between those rules and the company's tariff, unless otherwise ordered by the Commission. I certify that to the best of my knowledge the information provided in this Application and Petition is true and correct.

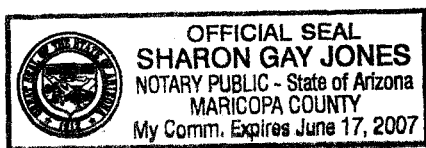
Gary Joseph
(Signature of Authorized Representative)

May 18, 2005
(Date)

Gary Joseph
(Print Name of Authorized Representative)

Vice President
(Title)

SUBSCRIBED AND SWORN to before me this 18 day of May, 2005



Sharon Gay Jones
NOTARY PUBLIC

My Commission Expires June 17, 2007

Section A

NATIONAL BRANDS, INC.

D/B/A

SHARENET COMMUNICATIONS COMPANY

ATTACHMENT A

ARTICLES OF INCORPORATION

CERTIFICATE OF GOOD STANDING

OFFICERS & DIRECTORS
& PERCENT OF OWNERSHIP

NATIONAL BRANDS, INC.
D/B/A
SHARENET COMMUNICATIONS COMPANY

Officers

Percentage of Ownership

Richard E. Hollenbeck
President
Secretary/Treasurer

Gary J. Joseph
Vice President

Directors

Richard E. Hollenbeck	12.5%
Terence W. Thomas	53.0%
Tracy R. Thomas	34.5%
Gary J. Joseph	

STATE OF ARIZONA



Office of the CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Secretary of the Arizona Corporation Commission, do hereby certify that

*****NATIONAL BRANDS, INC.*****

a domestic corporation organized under the laws of the State of Arizona, did incorporate on April 14, 1975.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 21st Day of April, 2005, A. D.



EXECUTIVE SECRETARY

BY:

Wonne Alvarez

ARTICLES OF INCORPORATION
OF
NATIONAL BRANDS, INC.

KNOW ALL MEN BY THESE PRESENTS: That we the undersigned, hereby associate ourselves together for the purpose of forming a corporation under the laws of the State of Arizona, and for such purpose hereby adopt Articles of Incorporation as follows:

ARTICLE I

The names, residences and post office addresses of the incorporators are:

TERENCE W. THOMAS
5835 North Second Avenue
Phoenix, Arizona

TRACY R. THOMAS
211 East Oranewood Avenue
Phoenix, Arizona

ARTICLE II

The name of the corporation shall be NATIONAL BRANDS, INC.

ARTICLE III

The corporation's head office and principal place of business shall be in Maricopa County, Arizona, but other offices and places for conducting business, both within and without the State of Arizona, may be established from time to time by the Board of Directors.

ARTICLE IV

The general nature of the business proposed to be transacted by the corporation is as follows:

(a) To carry on and conduct the general business of wholesaler, retailer, distributor, agent, broker, jobber, or in any manner deal in, purchase and sell, at wholesale or retail consumer goods of every nature and description whatsoever;

(b) To acquire, purchase, own, hold, operate, develop, lease, mortgage, pledge, exchange, sell transfer or otherwise invest, deal in or trade, in any manner permitted by law, real and personal property of every kind and description, or any interest therein;

(c) To erect or cause to be erected on any lands owned, held or occupied by the corporation, buildings or other structures with their appurtenances, and to rebuild, enlarge, alter or improve any buildings or other structures now or here after erected on any lands so owned, held or occupied, and to mortgage, sell, lease, exchange or otherwise dispose of any lands or interests in lands and in buildings or other structures;

(d) To buy, sell, own and deal in bonds, securities and other properties of all kinds;

M111131000

(e) To buy, sell, and in general to deal in goods, wares and merchandise of any and all kinds of personal property at either wholesale or retail and as principal, agent, factor or broker;

(f) To buy, contract for, lease and in any and all other ways acquire, take, hold and own, and to sell, mortgage, pledge, lease and otherwise dispose of, patents, copyrights, licenses, trademarks, trade names and processes of rights thereunder and franchise rights and governmental, state, territorial, country and municipal grants and concessions of every character which this corporation may deem advantageous in the prosecution of its business or in the maintenance, operation, development or extension of its properties;

(g) To borrow money for any of the purposes of this corporation and to issue bonds, debentures, notes or other obligations therefor, and to secure the same by pledge or mortgage of the whole or any part of the property of this corporation, whether real or personal, or to issue bonds, debentures, notes or other obligations without any such security;

(h) To lend money; to purchase, acquire, own, hold, guarantee, sell, assign, transfer, mortgage, pledge or otherwise dispose of and deal in shares, bonds, notes, debentures, or other securities or evidences of indebtedness of any other person, corporation or association, whether domestic or foreign, and whether now or hereafter organized or existing; and while the holder thereof to exercise all the rights, powers and privileges of ownership, including, the right to vote thereon, to the same extent as a natural person might or could do;

(i) To enter into, make, perform and carry out contracts of any and every kind necessary, requisite or advantageous in respect to the business operations of this

corporation with any government, state, county, municipality, person, firm, association or corporation, domestic or foreign;

(j) To purchase, hold and reissue, the shares of its capital stock;

(k) To purchase or acquire from any of the directors or stockholders of the corporation, properties, property interests, shares of stock and other assets belonging to them, or any of them, which the Board of Directors of the corporation may deem it advisable to acquire, and to pay for the same in stock of the corporation, or any bonds, debentures, notes or other obligations of the corporation or to pay therefor in cash or otherwise;

(l) To act as trustee, broker or in any fiduciary capacity; to become security for others and to endorse commercial paper;

(m) To promote or to aid in any manner, financially or otherwise, any person, corporation or association of which any shares, bonds, notes, debentures or other securities or evidences of indebtedness are held directly or indirectly by this corporation; and for this purpose to guarantee contracts, dividends, shares, bonds, debentures, notes and other obligations of such other persons, corporations or associations; and to do any other act or thing designed to protect, preserve, improve or enhance the value of such shares, bonds, notes, debentures or other securities or evidences of indebtedness;

(n) To acquire, by purchase or otherwise, the good will, business, property rights, franchises, and assets of every kind, with or without undertaking either wholly or in part the liabilities of any person, firm, association or corporation, and to acquire any business as a going concern or otherwise (i) by purchase of the assets thereof wholly or in part, (ii) by acquisition of the shares or any part thereof,

(iii) in any other manner, and to pay for the same in cash or in the shares or bonds or other evidences of indebtedness of this corporation, or otherwise; to hold, maintain and operate, or in any manner dispose of, the whole or any part of the good will, business, rights and property so acquired, and to conduct in any lawful manner the whole or any part of any business so acquired; and to exercise all the powers necessary or convenient in and about the management of such business;

(o) To do all and everything necessary, suitable or proper for the accomplishment of any of the purposes or attainment of any of the objects hereinbefore enumerated, either alone or in association with other corporations, firms and individuals, as principals, agents, brokers, contractors, trustees or otherwise, and in general to engage in any and all lawful businesses that may be necessary or convenient in carrying on the business of said corporation and for the purposes pertaining thereto, and to do any and every other act or acts, thing or things incidental to, growing out of or connected with said business, or any part thereof.

The designation of any object or purpose herein shall not be construed to be a limitation or qualification or in any manner to limit or restrict the purposes and objects of the corporation.

ARTICLE V

The total amount of authorized capital stock of the corporation shall be Five Million Dollars (\$5,000,000), and shall be divided into two classes, common and preferred, of which One Million Dollars

(\$1,000,000) shall be comprised of One Hundred Thousand (100,000) shares of Preferred Stock having a par value of Ten Dollars (\$10) per share, and Four Million Dollars (\$4,000,000) shall be comprised of Four Million (4,000,000) shares of Common Stock having a par value of One Dollar (\$1) per share.

The holders of preferred stock shall be entitled to receive dividends thereon at the rate of eight per cent (8%) of par value per annum and no more, payable out of surplus or net profits of the corporation annually as and when declared by the Board of Directors, before any dividend shall be declared, set apart for, or paid upon the common stock of the corporation. The dividends of the preferred stock shall be cumulative, so that if the corporation fails in any fiscal year to pay such dividends on all of the issued and outstanding preferred stock, such deficiency in the dividends shall be fully paid, but without interest, before any dividends shall be paid on or set apart for the common shares. Subject to the foregoing, the preferred stock shall not be entitled to participate in any other or additional surplus or net profits of the corporation.

In the event of the dissolution or liquidation of the corporation, or a sale of all its assets, whether

voluntary or involuntary, or in the event of its insolvency or upon any distribution of its assets, there shall be paid to the holders of the preferred stock its par value of \$10 per share plus the amount of all unpaid accrued dividends thereon, without interest, before any sum shall be paid to or any assets distributed among the holders of the common stock. After such payment to the holders of the preferred stock, the remaining assets and funds of the corporation shall be divided among and paid to the holders of the common stock in proportion to their respective holdings of such shares.

The corporation shall have the right to purchase and redeem the preferred stock, or any number of shares thereof, issued and outstanding, at any time by paying to the holders thereof the sum of \$10.50 per share together with the amount of such accrued dividends as may have accumulated thereon at the time of redemption or purchase. Such purchase or redemption shall be done only pursuant to law. The corporation may apply toward the purchase or redemption of preferred stock as herein provided any part of its surplus funds or an amount of its stated capital which shall not be greater than the stated capital represented by the shares purchased or redeemed, but under no

es shall the corporation apply any other
ny further part of its stated capital toward
ase or redemption of such stock.

Except as in this paragraph otherwise provided,
ire voting power of the corporation shall be
in the common shareholders, and each common share
be entitled to one vote. In the event that three
secutive annual dividends payable on the preferred
ares are in default, then immediately upon the happen-
ng of such event and until such defaults and all defaults
subsequent thereto are made good, the holders of the
preferred shares shall become entitled to one vote for
each share of such preferred shares at any meeting of the
corporation, along with the holders of common shares.
Upon payment in full of the defaulted dividends, the voting
power shall again be vested exclusively in the common
shareholders.

The Board of Directors, in its discretion, may
declare and pay dividends pursuant to law on the common
stock concurrently with dividends on the preferred stock
for any fiscal year when such dividends are applicable to
the common stock; provided, that all accumulated dividends
on the preferred stock for all previous fiscal years have
been paid in full.

The First Series of Preferred Stock shall be called "Preferred Stock--First Series" and shall be for Twenty-eight Thousand (28,000) shares, and shall be issued forthwith after filing of these Articles with the Arizona Corporation Commission at the corporation's organizational meeting, and shall have the designations, preferences, privileges, voting powers, restrictions or qualifications as set forth in this ARTICLE V, and the Board of Directors is authorized to fix from time to time before issuance, preferences, privileges and voting powers of the shares of each subsequent series of such class, and the restrictions and qualifications thereof.

The capital stock shall be issued and paid as directed by these articles and the Board of Directors. Stock may be issued in payment for real or personal property, services, or any other right or thing of value for the use and purpose of the corporation, and all such stock when so issued shall be and become fully paid as though paid for in cash, and the Board of Directors shall be the sole judges, in the absence of actual fraud, of the value of any property or rights acquired in exchange for capital stock, and all such stock, when issued, shall be deemed fully paid and non-assessable.

ARTICLE VI

The time of commencement of this corporation shall be the date of the issuance to it of a Certificate of Incorporation by the Arizona Corporation Commission, and the termination of the corporation shall be twenty-five (25) years thereafter, with the privilege of renewal as provided by law.

ARTICLE VII

The business and affairs of the corporation shall be conducted by a Board of Directors consisting of from three to seven members. The first Board of Directors shall consist of TERENCE W. THOMAS, TRACY R. THOMAS, RICHARD HOLLENBECK, NED DRYER and W. C. RUDD. Thereafter the Board of Directors shall be elected at the regular annual meeting of the stockholders to be held at the office of the corporation in Maricopa County, Arizona, or at such other place within or without the State of Arizona as the Board of Directors may from time to time determine, on the second Thursday of August in each year, if not a legal holiday, and if a legal holiday, then on the next secular day following, beginning with the year 1975. The principal officers of the corporation shall consist of a President, one or more Vice Presidents, a Secretary and a Treasurer, each of whom shall be elected by the Board of Directors. Any two or more offices may be held

by the same person simultaneously, except the offices of President and Secretary. Any such officers and directors shall hold office until their successors are elected and qualified. Until the Board elects such officers, TRACY R. THOMAS shall be President of this corporation, and NED DRYER shall be Secretary of this corporation. The Board of Directors shall adopt bylaws for the corporation and such bylaws may be amended or repealed as provided therein.

ARTICLE VIII

The highest amount of indebtedness or liability, direct or contingent, to which the corporation is at any time to subject itself shall not exceed the maximum such amount authorized by the State of Arizona or by the rules of the Arizona Corporation Commission.

ARTICLE IX

The private property of the stockholders shall be exempt from all corporate debts of any kind whatsoever.

ARTICLE X

The corporation shall indemnify any and all of the directors or former directors of the corporation, their personal representatives and heirs, and the Board of Directors may in its sole discretion determine to

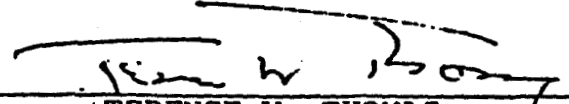
indemnify any and all of the officers and employees or former officers and employees of the corporation, their personal representatives and heirs, against expense incurred by them or judgments or penalties rendered or levied against any such person in a legal action (whether civil, criminal, administrative or other) brought against any such person for actions or omissions alleged to have been committed by any such person while acting within the scope of his employment as a director, officer or employee of the corporation, provided that in all cases the Board of Directors shall determine in good faith that such person did not act, fail to act, or refuse to act willfully or with gross negligence or with fraudulent or criminal intent with regard to the matter involved in this action; if such person is both a director and officer, he shall be entitled to indemnity as a matter of right only if the alleged actions or omissions pertain to his position as a director or as both a director and an officer, but if as an officer alone, then he shall be entitled to indemnity only if the Board of Directors shall so determine. The term "expenses" as used herein shall include all obligations incurred by such person for the payment of money, including, without limitation, legal fees and amounts paid in settlement of any such action. A judgment or conviction (whether


based on a plea of guilty or nolo contendere or its equivalent, or after trial) shall not be conclusive, as to whether the person against whom judgment is rendered, acted or failed to act, or refused to act willfully or with gross negligence or with fraudulent or criminal intent with respect to the matter involved in the action. Any determination with respect to indemnity shall be made by resolution adopted by a majority of a quorum of the Board of Directors, excluding from any majority and quorum any directors who have incurred expense, judgments or penalties in connection with such action; and if there is no quorum of directors who are not so excluded, then by resolution adopted by a majority of a committee of non-excluded directors and/or stockholders, appointed by the Board of Directors (all directors being eligible to participate in such appointment). The right of indemnification provided in these Articles shall not be exclusive of any other right which such directors, officers and employees of the corporation, and the other persons above-mentioned, may have or hereafter acquire. A member of any committee appointed by the Board of Directors shall have the same right of indemnification as a director with respect to alleged acts or omissions by him as a member of such committee.

ARTICLE XI

This corporation does hereby appoint
 FREDERICK O. ROBERTSHAW of Phoenix, Arizona, who has
 been a bona fide resident of Arizona for at least three
 years, its lawful agent in and for the State of Arizona,
 for and on behalf of said corporation, to accept and
 acknowledge service of and upon whom may be served process
 in any action or proceeding that may be brought against
 this corporation in any of the courts of the State of
 Arizona, such service of process, or the acceptance there-
 of by said agent, endorsed thereon, to have the same force
 and effect as if served upon an officer of the corporation.
 This appointment may be revoked at any time by the filing
 of a successor agent.

IN WITNESS WHEREOF, we the undersigned, have
 hereunto set our hands this 25 day of MARCH, 1975.


 TERENCE W. THOMAS


 TRACY R. THOMAS

STATE OF ARIZONA)
) ss.
 County of Maricopa)

On this, the 25 day of MARCH, 1975,
 before me, the undersigned Notary Public, personally

appeared TERENCE W. THOMAS and TRACY R. THOMAS known to me to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.


Notary Public

My commission expires:

My Commission Expires May 10, 1977

☒ CORPORATION ☐ PARTNERSHIP ☐ SOCIETY/CLUB/LODGE ☐ TRADENAME (PROPRIETORSHIP)

The undersigned certify/ agree that:

• They are the 'she is' (s) in the case of a general partnership or proprietorship, all of the partners or owners of

(Name of Entity)

and that any indebtedness incurred in connection with this account shall be the indebtedness of each and every one of the undersigned individually and collectively or (s) in the case of a Corporation or a Society/Club or Lodge they are the 'she is' the duly qualified Secretary

and President of

(Name of Entity)

and (s) in the case of a bonded

partnership the general partner(s) or the officer of the general partner(s) thereof

• The signatures set forth on this card are those of the persons/officers set forth

• Valley Bank is authorized hereby to honor checks drafts signatures endorsements orders withdrawals receipts and any other

account activity requests regarding the account upon the signature of

or those persons/officers appearing on the reverse side of this card and in the case of a Corporation, Society/Club or Lodge that a

resolution was adopted on

at a meeting of the Board of Directors or other governing body of said

entity authorizing those persons/officers whose names appear on the reverse side of this card to sign on behalf of and legally bind said entity in accordance herewith

• The undersigned or any one thereof will notify Valley Bank immediately in writing of any change in partners or owners or change in legal form of the entity, it being understood that until so notified the Bank is entitled to rely on the information contained hereon or in its records

Signed this

day of

19

If a Partnership or Trade name account

If a Corporation or Society/club or lodge account

National B. Bank Inc.

(Name of Entity)

BY

200

President

APPROVED

Outgoing Officer (Society/Club or Lodge only)

[illegible]

INSTRUCTIONS FOR THE COMPLETION OF A SIGNATURE CARD:

1. Signatures MUST be in black ink.
2. Maximum of three signatures per card.
3. The names of each individual signer are to be typed (or printed) next to their signatures.
4. The number of signatures REQUIRED must be furnished.
5. The BACK of each signature card MUST be signed (except on personal accounts:
 - a. CORPORATION - SOCIETY - CLUB - LODGE Accounts must be signed in the lower right corner by the PRESIDENT & the SECRETARY.
 - b. PARTNERSHIP - TRADENAME Accounts must be signed in the lower left corner.

SIGNATURE CARDS/SUPERCEDES
We request that you do not write on the signature card except for signing your signature. Please print the following information on this card.

ACCOUNT NUMBER: 99 000 5636

ACCOUNT NAME: NATIONAL BRANDS, INC.

SIGNATORIES: _____

Richard E. Mullenback

GARY J. Jones

Sharon Gay Jones

CORP. OFFICER: _____

Richard E. Mullenback

CORP. TITLE: President

TAX ID NUMBER: 50-6294358

PHONE NUMBER: (602) 269-3201

SPECIAL INSTRUCTIONS: _____

TWO SIGNATURES REQUIRED?: ✓

1702
386.1002

STATE OF ARIZONA

Department of State

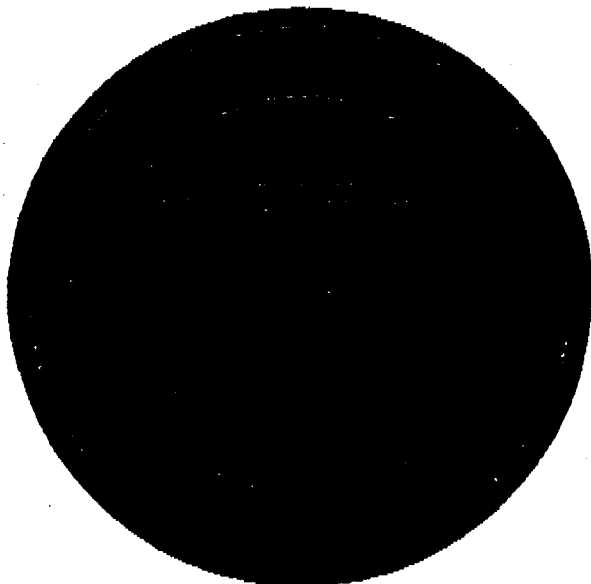


RENEWAL OF TRADE NAME follows:

SHARENET COMMUNICATIONS COMPANY

I, Jane Dee Hull, Secretary of State, do hereby certify that in accordance with the Renewal Application filed in this Office, the Trade Name herein certified has been duly registered pursuant to Section 44-1460.02, Arizona Revised Statutes, in behalf of:

NATIONAL BRANDS, INC.
SHARENET COMMUNICATIONS COMPANY
4633 WEST POLK STREET
PHOENIX, AZ 85043-0000



Registration Date: March 8, 1990

Expiration Date: March 7, 2000

Date First Used: February 15, 1990

Trade Name No.: 093433

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Great Seal of the State of Arizona. Done at Phoenix, the capital, this 23rd day of January, 1995.

Jane Dee Hull
JANE DEE HULL
Secretary of State

STATE OF ARIZONA



Corporation Commission

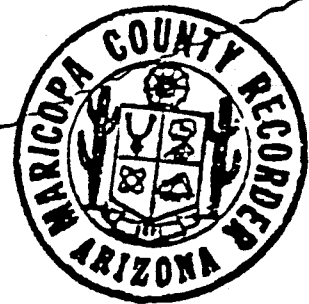
To all to Whom these Presents shall Come, Greeting:

I, GEORGE M. DEMPSEY, SECRETARY OF THE ARIZONA CORPORATION COMMISSION, DO HEREBY CERTIFY THAT the annexed is a true and complete copy of the ARTICLES OF INCORPORATION

of ---

NATIONAL BRANDS, INC.

which were filed in the office of the Arizona Corporation Commission on the 14th day of April, 1975, as provided by law.



IN WITNESS WHEREOF, I HAVE HEREUNTO SET MY HAND AND AFFIXED THE OFFICIAL SEAL OF THE ARIZONA CORPORATION COMMISSION, AT THE CAPITOL, IN THE CITY OF PHOENIX, THIS 14th DAY OF April D. 1975.

George M. Dempsey
BY

SECRETARY.

ASSISTANT SECRETARY

Section B

NATIONAL BRANDS, INC.

D/B/A

SHARENET COMMUNICATIONS COMPANY

ATTACHMENT B

PROPOSED TARIFF

ARIZONA
LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES TARIFF
OF
NATIONAL BRANDS, INC.
D/B/A
SHARENET COMMUNICATIONS COMPANY

This tariff contains the descriptions, regulations, and rates applicable to the provision of local exchange telecommunications services provided by National Brands, Inc. d/b/a Sharenet Communications Company, with principal offices at 4633 West Polk Street, Phoenix, Arizona 85043, for services furnished within the State of Arizona. This tariff is on file with the Arizona Corporation Commission, and copies may be inspected, during normal business hours, at the Company's principal place of business.

Issued: May 24, 2005

Effective:

By:

Gary Joseph, Vice President
4633 West Polk Street
Phoenix, Arizona 85043

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Issued: May 24, 2005

Effective:

By:

Gary Joseph, Vice President
4633 West Polk Street
Phoenix, Arizona 85043

CHECK SHEET

Pages of this tariff are effective as of the date shown at the bottom of the respective page(s). Original and revised pages as named below comprise all changes from the original tariff and are currently in effect as of the date on the bottom of this page.

SECTION	PAGE	REVISION	SECTION	PAGE	REVISION
Preface	Title	Original *	2	15	Original *
Preface	1	Original *	2	16	Original *
Preface	2	Original *	2	17	Original *
Preface	3	Original *	2	18	Original *
Preface	4	Original *	2	19	Original *
Preface	5	Original *	2	20	Original *
Preface	6	Original *	2	21	Original *
1	1	Original *	2	22	Original *
1	2	Original *	2	23	Original *
1	3	Original *	2	24	Original *
1	4	Original *	2	25	Original *
1	5	Original *	2	26	Original *
2	1	Original *	2	27	Original *
2	2	Original *	2	28	Original *
2	3	Original *	2	29	Original *
2	4	Original *	2	30	Original *
2	5	Original *	2	31	Original *
2	6	Original *	2	32	Original *
2	7	Original *	2	33	Original *
2	8	Original *	2	34	Original *
2	9	Original *	2	35	Original *
2	10	Original *	2	36	Original *
2	11	Original *	2	37	Original *
2	12	Original *	2	38	Original *
2	13	Original *	2	39	Original *
2	14	Original *			

* - indicates those pages included with this filing

Issued: May 24, 2005

Effective:

By:

Gary Joseph, Vice President
4633 West Polk Street
Phoenix, Arizona 85043

CHECK SHEET, (CONT'D.)

SECTION	PAGE	REVISION		SECTION	PAGE	REVISION	
3	1	Original	*	9	1	Original	*
4	1	Original	*	10	1	Original	*
4	2	Original	*	10	2	Original	*
4	3	Original	*	10	3	Original	*
4	4	Original	*	10	4	Original	*
4	5	Original	*				
4	6	Original	*				
4	7	Original	*				
4	8	Original	*				
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5	5	Original	*				
5	6	Original	*				
5	7	Original	*				
6	1	Original	*				
6	2	Original	*				
6	3	Original	*				
7	1	Original	*				
8	1	Original	*				

* - indicates those pages included with this filing

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EXPLANATION OF SYMBOLS

The following symbols shall be used in this tariff for the purpose indicated below:

- (C) To signify changed regulation.
- (D) To signify discontinued rate or regulation.
- (I) To signify increased rate.
- (M) To signify a move in the location of text.
- (N) To signify new rate or regulation.
- (R) To signify reduced rate.
- (S) To signify reissued matter.
- (T) To signify a change in text but no change in rate or regulation.

Issued: May 24, 2005

Effective:

By:

Gary Joseph, Vice President
4633 West Polk Street
Phoenix, Arizona 85043

APPLICATION OF TARIFF

This tariff sets forth the service offerings, rates, terms and conditions applicable to the furnishing of intrastate end-user local exchange communications services by National Brands, Inc. d/b/a Sharenet Communications Company, hereinafter referred to as the Company, to Customers within the state of Arizona. The Company's services are furnished subject to the availability of facilities and subject to the terms and conditions set forth herein.

This tariff is on file with the Arizona Corporation Commission. In addition, this tariff is available for review at the main office of National Brands, Inc. d/b/a Sharenet Communications Company at 4633 West Polk Street, Phoenix, Arizona 85043.

Issued: May 24, 2005

Effective:

By:

Gary Joseph, Vice President
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Phoenix, Arizona 85043

TARIFF FORMAT

- A. Page Numbering** - Page numbers appear in the upper right corner of the page. Pages are numbered sequentially. However, new pages are occasionally added to the tariff. When a new page is added between pages already in effect, a decimal is added. For example, a new page added between pages 14 and 15 would be 14.1.
- B. Page Revision Numbers** - Revision numbers also appear in the upper right corner of each page. These numbers are used to determine the most current page version on file with the Commission. For example, the 4th Revised Page 14 cancels the 3rd Revised Page 14. Because of various suspension periods, deferrals, etc., the most current page number on file with the Commission is not always the tariff page in effect. Consult the Check Sheet for the page currently in effect.
- C. Paragraph Numbering Sequence** - There are nine levels of paragraph coding. Each level of coding is subservient to its next higher level:
- 2.
 - 2.1.
 - 2.1.1.
 - 2.1.1.A.
 - 2.1.1.A.1.
 - 2.1.1.A.1.(a).
 - 2.1.1.A.1.(a).I.
 - 2.1.1.A.1.(a).I.(i).
 - 2.1.1.A.1.(a).I.(i).(1).
- D. Check Sheets** - When a tariff filing is made with the Commission, an updated Check Sheet accompanies the tariff filing. The Check Sheet lists the pages contained in the tariff, with a cross-reference to the current revision number. When new pages are added, the Check Sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (*). There will be no other symbols used on this page if these are the only changes made to it (i.e., the format, etc. remain the same, just revised revision levels on some pages). The tariff user should refer to the latest Check Sheet to find out if a particular page is the most current on file with the Commission.

Issued: May 24, 2005

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By:

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Phoenix, Arizona 85043

SECTION 1 - DEFINITIONS

Advance Payment - Payment of all or part of a charge required before the start of service.

Authorization Code - A numerical code, one or more of which may be assigned to a Customer, to enable Carrier to identify the origin of service of the Customer so it may rate and bill the call. All authorization codes shall be the sole property of Carrier and no Customer shall have any property or other right or interest in the use of any particular authorization code. Automatic numbering identification (ANI) may be used as or in connection with the authorization code.

Authorized User - A person, corporation or other entity who is authorized by the Company's customer to utilize service provided by the Company to the customer. The customer is responsible for all charges incurred by an Authorized

Automatic Numbering Identification (ANI) - A type of signaling provided by a local exchange telephone company which automatically identifies the local exchange line from which a call originates.

Commission - Arizona Corporation Commission.

Common Carrier - An authorized company or entity providing telecommunications services to the public

Company - National Brands, inc. d/b/a Sharenet Communications Company, the issuer of this tariff.

Customer - The person, firm or corporation that orders service and is responsible for the payment of charges and compliance with the terms and conditions of this tariff.

Customer Premises - A location designated by the Customer for the purposes of connecting to the Company's services.

Customer Terminal Equipment - Terminal equipment provided by the Customer.

Issued: May 24, 2005

Effective: .

By:

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4633 West Polk Street
Phoenix, Arizona 85043

SECTION 1 - DEFINITIONS, (CONT'D.)

Deposit - Refers to a cash or equivalent of cash security held as a guarantee for payment of the charges.

End Office - The LEC switching system office or serving wire center where Customer station loops are terminated for purposes of interconnection to each other and/or to trunks.

Equal Access - A form of dialed access provided by local exchange companies whereby interexchange calls dialed by the Customer are automatically routed to the Company's network. Presubscribed Customers may also route interexchange calls to the Company's network by dialing an access code supplied by the Company.

Exchange Telephone Company or Telephone Company - Denotes any individual, partnership, association, joint-stock company, trust, or corporation authorized by the appropriate regulatory bodies to engage in providing public switched communication service throughout an exchange area, and between exchange areas within the LATA.

Individual Case Basis (ICB) - A service arrangement in which the regulations, rates and charges are developed based on the specific circumstances of the Customer's situation.

IXC or Interexchange Carrier- A long distance telecommunications services provider.

Interruption - The inability to complete calls due to equipment malfunctions or human errors. Interruption shall not include, and no allowance shall be given for service difficulties such as slow dial tone, circuits busy or other network and/or switching capability shortages. Nor shall Interruption include the failure of any service or facilities provided by a common carrier or other entity other than the Company. Any Interruption allowance provided within this tariff by the Company shall not apply where service is interrupted by the negligence or willful act of the Customer, or where the Carrier, pursuant to the terms of this tariff, terminates service because of non-payment of bills, unlawful or improper use of the Company's facilities or service, or any other reason covered by this tariff or by applicable law.

Issued: May 24, 2005

Effective:

By:

Gary Joseph, Vice President
4633 West Polk Street
Phoenix, Arizona 85043

SECTION 1 - DEFINITIONS, (CONT'D.)

Joint User - A person, firm or corporation designated by the Customer as a user of local exchange service furnished to the Customer by the Company, and to whom a portion of the charges for such facilities are billed under a joint use arrangement.

LATA - A Local Access and Transport Area established pursuant to the Modification of Final Judgment entered by the United States District Court for the District of Columbia in Civil Action No. 82-0192; or any other geographic area designated as a LATA in the National Exchange Carrier Association, Inc. Tariff F.C.C. No. 4, or its successor tariff(s).

LEC - Local Exchange Company refers to the dominant, monopoly local telephone company in the area also served by the Company.

Local Calling - A completed call or telephonic communication between a calling Station and any other Station within the local service area of the Calling Station.

Monthly Recurring Charges - The monthly charges to the Customer for services, facilities and equipment, which continue for the agreed upon duration of the service.

MOU - Minutes of Use.

NECA - National Exchange Carriers Association.

Nonrecurring Charge ("NRC") - The initial charge, usually assessed on a one-time basis, to initiate and establish service.

PIN - Personal Identification Number. See Authorization Code.

Issued: May 24, 2005

Effective: .

By:

Gary Joseph, Vice President
4633 West Polk Street
Phoenix, Arizona 85043

SECTION 1 - DEFINITIONS, (CONT'D.)

Point of Presence ("POP") - Point of Presence

Premises - The space occupied by a Customer or authorized user in a building or buildings or contiguous property not separated by a public right of way.

Recurring Charges - Monthly charges to the Customer for services, and equipment, which continues for the agreed upon duration of the service.

Service - Any means of service offered herein or any combination thereof.

Service Commencement Date - The first day following the date on which the Company notifies the Customer that the requested service or facility is available for use, unless extended by the Customer's refusal to accept service which does not conform to standards set forth in the Service order or this tariff, in which case the Service Commencement Date is the date of the Customer's acceptance of service. The parties may mutually agree on a substitute Service Commencement Date.

Service Order - The written or verbal request for Company services by the Customer and the Company in the format devised by the Company. A Service Order initiates the respective obligations of the parties as set forth therein and pursuant to this tariff.

Services - The Company's telecommunications services offered on the Company's network.

Shared Inbound Calls - Refers to calls that are terminated via the Customer's Company-provided local exchange line.

Shared Outbound Calls - Refers to calls in Feature Group (FGD) exchanges whereby the Customer's local telephone lines are presubscribed by the Company to the Company's outbound service such that "1 + 10-digit number" calls are automatically routed to the Company's or an IXC's network. Calls to stations within the Customer's LATA may be placed by dialing "10XXX" or "101XXXX" with 1 + 10-digit number."

Issued: May 24, 2005

Effective:

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Gary Joseph, Vice President
4633 West Polk Street
Phoenix, Arizona 85043

SECTION 1 - DEFINITIONS, (CONT'D.)

Station - The network control signaling unit and any other equipment provided at the Customer's premises that enables the Customer to establish communications connections and to effect communications through such connections.

Subscriber - The person, firm, partnership, corporation, or other entity who orders telecommunications service from the Company. Service may be ordered by, or on behalf of, those who own, lease or otherwise manage the pay telephone, PBX, or other switch vehicle from which an End User places a call utilizing the services of the Company.

Switched Access Origination/Termination - Where access between the Customer and the interexchange carrier is provided on local exchange company Feature Group circuits and the connection to the Customer is a LEC-provided business or residential access line. The cost of switched Feature Group access is billed to the interexchange carrier.

Terminal Equipment - Any telecommunications equipment other than the transmission or receiving equipment installed at a Company location.

Usage Charges - Charges for minutes or messages traversing over local exchange facilities.

User or End User - A Customer, Joint User, or any other person authorized by a Customer to use service provided under this tariff.

Issued: May 24, 2005

Effective:

By:

Gary Joseph, Vice President
4633 West Polk Street
Phoenix, Arizona 85043

SECTION 2 - RULES AND REGULATIONS

2.1 Undertaking of the Company

2.1.1 Scope

The Company undertakes to furnish communications service pursuant to the terms of this tariff in connection with one-way and/or two-way information transmission between points within the state of Arizona.

The Company is responsible under this tariff only for the services and facilities provided hereunder, and it assumes no responsibility for any service provided by any other entity that purchases access to the Company network in order to originate or terminate its own services, or to communicate with its own customers.

2.1.2 Shortage of Equipment or Facilities

- A.** The Company reserves the right to limit or to allocate the use of existing facilities, or of additional facilities offered by the Company, when necessary because of lack of facilities, or due to some other cause beyond Company control.
- B.** The furnishing of service under this tariff is subject to the availability on a continuing basis of all the necessary facilities and is limited to the capacity of the Company's facilities as well as facilities the Company may obtain from other carriers to furnish service from time to time as required at the sole discretion of the Company.

Issued: May 24, 2005

Effective: .

By:

Gary Joseph, Vice President
4633 West Polk Street
Phoenix, Arizona 85043

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.1 Undertaking of the Company, (Cont'd.)

2.1.3 Terms and Conditions

- A. **Minimum Period** - Service is provided on a term basis only. The minimum term period is one (1) month, unless otherwise specified in this tariff or mutually agreed upon by contract.
- B. Except as otherwise stated in this tariff, Customers may be required to enter into written service orders which shall contain or reference a specific description of the service ordered, the rates to be charged, the duration of the services, and the terms and conditions in this tariff. Customers will also be required to execute any other documents as may be reasonably requested by the Company.
- C. In any action between the parties to enforce any provision of this tariff, the prevailing party shall be entitled to recover its legal fees and court costs from the non-prevailing party in addition to other relief a court may award.
- D. Service may be terminated upon written notice to the Customer if:
 - 1. the Customer is using the service in violation of this tariff; or
 - 2. the Customer is using the service in violation of the law.
- E. This tariff shall be interpreted and governed by the laws of the state of Arizona regardless of its choice of laws provision.

Issued: May 24, 2005

Effective: .

By:

Gary Joseph, Vice President
4633 West Polk Street
Phoenix, Arizona 85043

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.1 Undertaking of the Company, (Cont'd.)

2.1.3 Terms and Conditions, (Cont'd.)

- F.** Any other telephone company may not interfere with the right of any person or entity to obtain service directly from the Company. No person or entity shall be required to make any payment, incur any penalty, monetary or otherwise, or purchase any services in order to have the right to obtain service directly from the Company.
- G.** To the extent that either the Company or any other telephone company exercises control over available cable pairs, conduit, duct space, raceways, or other facilities needed by the other to reach a person or entity, the party exercising such control shall make them available to the other on terms equivalent to those under which the Company makes similar facilities under its control available to its Customers. At the reasonable request of either party, the Company and the other telephone company shall join the attempt to obtain from the owner of the property access for the other party to serve a person or entity.

Issued: May 24, 2005

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Phoenix, Arizona 85043

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.1 Undertaking of the Company, (Cont'd.)

2.1.4 Limitations on Liability

- A.** Except as otherwise stated in this section, the liability of the Company for damages arising out of either: (1) the furnishing of its services, including but not limited to mistakes, omissions, interruptions, delays, or errors, or other defects, representations, or use of these services or (2) the failure to furnish its service, whether caused by acts or omission, shall be limited to the extension of allowances to the Customer for interruptions in service as set forth in Section 2.9.
- B.** Except for the extension of allowances to the Customer for interruptions in service as set forth in Section 2.9, the Company shall not be liable to a Customer or third party for any direct, indirect, special, incidental, reliance, consequential, exemplary or punitive damages, including loss of revenue or profits, for any reason whatsoever, including, but not limited to, any act or omission, failure to perform, delay, interruption, failure to provide any service or any failure in or breakdown of facilities associated with the service.
- C.** The liability of the Company for errors in billing that result in overpayment by the Customer shall be limited to a credit equal to the dollar amount erroneously billed or, in the event that payment has been made and service has been discontinued, to a refund of the amount erroneously billed.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.1 Undertaking of the Company, (Cont'd.)

2.1.4 Limitations on Liability, (Cont'd.)

- D.** The Company shall be indemnified and saved harmless by the Customer from and against all loss, liability, damage and expense, including reasonable counsel fees, due to:
1. Any act or omission of: (a) the Customer, (b) any other entity furnishing service, equipment or facilities for use in conjunction with services or facilities provided by the Company; or (c) common carriers or warehousemen, except as contracted by the Company;
 2. Any delay or failure of performance or equipment due to causes beyond the Company's control, including but not limited to, acts of God, fires, floods, earthquakes, hurricanes, or other catastrophes; national emergencies, insurrections, riots, wars or other civil commotions; strikes, lockouts, work stoppages or other labor difficulties; criminal actions taken against the Company; unavailability, failure or malfunction of equipment or facilities provided by the Customer or third parties; and any law, order, regulation or other action of any governing authority or agency thereof;
 3. Any unlawful or unauthorized use of the Company's facilities and services;
 4. Libel, slander, invasion of privacy or infringement of patents, trade secrets, or copyrights arising from or in connection with the material transmitted by means of Company-provided facilities or services; or by means of the combination of Company-provided facilities or services;
 5. Breach in the privacy or security of communications transmitted over the Company's facilities;

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.1 Undertaking of the Company, (Cont'd.)

2.1.4 Limitations on Liability, (Cont'd.)

D. (Cont'd.)

6. Changes in any of the facilities, operations or procedures of the Company that render any equipment, facilities or services provided by the Customer obsolete, or require modification or alteration of such equipment, facilities or services, or otherwise affect their use or performance, except where reasonable notice is required by the Company and is not provided to the Customer, in which event the Company's liability is limited as set forth in paragraph A. of this Subsection 2.1.4.
7. Normal or unavoidable defacement of or damage to Customer premises resulting from the furnishing of services or equipment on such premises or the installation or removal thereof;
8. Injury to property or injury or death to persons, including claims for payments made under Workers' Compensation law or under any plan for employee disability or death benefits, arising out of, or caused by, any act or omission of the Customer, or the construction, installation, maintenance, presence, use or removal of the Customer's facilities or equipment connected, or to be connected to the Company's facilities;
9. Any non-completion of calls due to network busy conditions;
10. Any calls not actually attempted to be completed during any period that service is unavailable;
11. And any other claim resulting from any act or omission of the Customer or patron(s) of the Customer relating to the use of the Company's services or facilities.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.1 Undertaking of the Company, (Cont'd.)

2.1.4 Limitations on Liability, (Cont'd.)

- E. The Company does not guarantee nor make any warranty with respect to installations provided by it for use in an explosive atmosphere.
- F. The Company makes no warranties or representations, EXPRESS OR IMPLIED, either in fact or by operation of law, statutory or otherwise, including warranties of merchantability or fitness for a particular use, except those expressly set forth herein.
- G. Failure by the Company to assert its rights pursuant to one provision of this tariff does not preclude the Company from asserting its rights under other provisions.
- H. **Directory Errors** - In the absence of gross negligence or willful misconduct, no liability for damages arising from errors or mistakes in or omissions of directory listings, or errors or mistakes in or omissions of listing obtainable from the directory assistance operator, including errors in the reporting thereof, shall attach to the Company. An allowance for errors or mistakes in or omissions of published directory listings or for errors or mistakes in or omissions of listing obtainable from the directory assistance operator shall be at the monthly tariff rate for each listing, or in the case of a free or no-charge directory listing, credit shall equal two times the monthly tariff rate for an additional listing, for the life of the directory or the charge period during which the error, mistake or omission occurs.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.1 Undertaking of the Company, (Cont'd.)

2.1.4 Limitations on Liability, (Cont'd.)

I. With respect to Emergency Number 911 Service:

1. This service is offered solely as an aid in handling assistance calls in connection with fire, police and other emergencies. The Company is not responsible for any losses, claims, demands, suits or any liability whatsoever, whether suffered, made instituted or asserted by the Customer or by any other party or person for any personal injury or death of any person or persons, and for any loss, damage or destruction of any property, whether owned by the Customer or others, caused or claimed to have been caused by: (1) mistakes, omissions, interruptions, delays, errors or other defects in the provision of service, or (2) installation, operation, failure to operate, maintenance, removal, presence, condition, local or use of any equipment and facilities furnishing this service.
2. Neither is the Company responsible for any infringement, nor invasion of the right of privacy of any person or persons, caused or claimed to have been caused directly or indirectly, by the installation, operation, failure to operate, maintenance, removal, presence, condition, occasion or use of emergency 911 service features and the equipment associated therewith, or by any services furnished by the Company, including, but not limited to the identification of the telephone number, address or name associated with the telephone used by the party or parties accessing emergency 911 service, and which arise out of the negligence or other wrongful act of the Company, the Customer, its users, agencies or municipalities, or the employees or agents of any one of them.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.1 Undertaking of the Company, (Cont'd.)

2.1.4 Limitations on Liability, (Cont'd.)

I. With respect to Emergency Number 911 Service, (Cont'd.)

3. When a Customer with a nonpublished telephone number, as defined herein, places a call to the emergency 911 service, the Company will release the name and address of the calling party, where such information can be determined, to the appropriate local governmental authority responsible for emergency 911 service upon request of such governmental authority. By subscribing to service under this tariff, the Customer acknowledges and agrees with the release of information as described above.

2.1.5 Notification of Service-Affecting Activities

The Company will provide the Customer reasonable notification of service-affecting activities that may occur in normal operation of its business. Such activities may include, but are not limited to, equipment or facilities additions, removals or rearrangements and routine preventative maintenance. Generally, such activities are not specific to an individual Customer but affect many Customers' services. No specific advance notification period is applicable to all service activities. The Company will work cooperatively with the Customer to determine the reasonable notification requirements. With some emergency or unplanned service-affecting conditions, such as an outage resulting from cable damage, notification to the Customer may not be possible.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.1 Undertaking of the Company, (Cont'd.)

2.1.6 Provision of Equipment and Facilities

- A.** The Company shall use reasonable efforts to make available services to a Customer on or before a particular date, subject to the provisions of and compliance by the Customer with, the regulations contained in this tariff. The Company does not guarantee availability by any such date and shall not be liable for any delays in commencing service to any Customer.
- B.** The Company shall use reasonable efforts to maintain only the facilities and equipment that it furnishes to the Customer. The Customer may not, nor may the Customer permit others to, rearrange, disconnect, remove, attempt to repair, or otherwise interfere with any of the facilities or equipment installed by the Company, except upon the written consent of the Company.
- C.** The Company may substitute, change or rearrange any equipment or facility at any time and from time to time, but shall not thereby alter the technical parameters of the service provided the Customer.
- D.** Equipment the Company provides or installs at the Customer Premises for use in connection with the services the Company offers shall not be used for any purpose other than that for which it was provided.
- E.** The Customer shall be responsible for the payment of service charges as set forth herein for visits by the Company's agents or employees to the Premises of the Customer when the service difficulty or trouble report results from the use of equipment or facilities provided by any party other than the Company, including but not limited to the Customer.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.1 Undertaking of the Company, (Cont'd.)

2.1.6 Provision of Equipment and Facilities, (Cont'd.)

F. The Company shall not be responsible for the installation, operation, or maintenance of any Customer-provided communications equipment. Where such equipment is connected to the facilities furnished pursuant to this tariff, the responsibility of the Company shall be limited to the furnishing of facilities offered under this tariff and to the maintenance and operation of such facilities. Subject to this responsibility, the Company shall not be responsible for:

1. the transmission of signals by Customer-provided equipment or for the quality of, or defects in, such transmission; or
2. the reception of signals by Customer-provided equipment.

2.1.7 Non-routine Installation

At Customer request, installation and/or maintenance may be performed outside the regular business hours or the Company or in hazardous locations. In such cases, charges based on cost of the actual labor, material, or other costs incurred by or charged to the Company will apply. If installation is started during regular business hours, but, at Customer request, extends beyond regular business hours into time periods including, but not limited to, weekends, holidays, and/or night hours, additional charges may apply.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.1 Undertaking of the Company, (Cont'd.)

2.1.8 Special Construction

Subject to the agreement of the Company and to all of the regulations contained in this tariff, special construction of facilities may be undertaken on a reasonable efforts basis at the request of the Customer. Special construction is that construction undertaken:

- A. where facilities are not presently available, and there is no other requirement for the facilities so constructed;
- B. of a type other than that which the Company would normally utilize in the furnishing of its services;
- C. over a route other than that which the Company would normally utilize in the furnishing of its services;
- D. in a quantity greater than that which the Company would normally construct;
- E. on an expedited basis;
- F. on a temporary basis until permanent facilities are available;
- G. involving abnormal costs; or
- H. in advance of its normal construction.

2.1.9 Ownership of Facilities

Title to all facilities provided in accordance with this tariff remains in the Company, its partners, agents, contractors or suppliers.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.2 Prohibited Uses

- 2.2.1** The services the Company offers shall not be used for any unlawful purpose or for any use as to which the Customer has not obtained all required governmental approvals, authorizations, licenses, consents and permits.
- 2.2.2** The Company may require applicants for service who intend to use the Company's offerings for resale and/or for shared use to file a letter with the Company confirming that their use of the Company's offerings complies with relevant laws and Commission regulations, policies, orders, and decisions.
- 2.2.3** The Company may block any signals being transmitted over its Network by Customers that cause interference to the Company or other users. Customer shall be relieved of all obligations to make payments for charges relating to any blocked Service and shall indemnify the Company for any claim, judgment or liability resulting from such blockage.
- 2.2.4** A Customer, joint user, or authorized user may not assign, or transfer in any manner, the service or any rights associated with the service without the written consent of the Company. The Company will permit a Customer to transfer its existing service to another entity if the existing Customer has paid all charges owed to the Company for regulated communications services. Such a transfer will be treated as a disconnection of existing service and installation of new service, and nonrecurring installation charges as stated in this tariff will apply.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.3 Obligations of the Customer

2.3.1 General

The Customer is responsible for making proper application for service; placing any necessary order, complying with tariff regulations; payment of charges for services provided. Specific Customer responsibilities include, but are not limited to the following:

- A. the payment of all applicable charges pursuant to this tariff;
- B. damage to or loss of Company facilities or equipment caused by the acts or omissions of the Customer; or the noncompliance by the Customer, with these regulations; or by fire or theft or other casualty on the Customer Premises, unless caused by the negligence or willful misconduct of the employees or agents of the Company;
- C. providing at no charge, as specified from time to time by the Company, any needed personnel, equipment space and power to operate Company facilities and equipment installed on the premises of the Customer, and the level of heating and air conditioning necessary to maintain the proper operating environment on such premises;
- D. obtaining, maintaining, and otherwise having full responsibility for all rights-of-way and conduits necessary for installation of fiber optic cable and associated equipment used to provide Communication Services to the Customer from the cable building entrance or property line to the location of the equipment space described in 2.3.1(C.) Any and all costs associated with obtaining and maintaining the rights-of-way described herein, including the costs of altering the structure to permit installation of the Company-provided facilities, shall be borne entirely by, or may be charged by the Company to, the Customer. The Company may require the Customer to demonstrate its compliance with this section prior to accepting an order for service;

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.3 Obligations of the Customer, (Cont'd.)

2.3.1 General, (Cont'd.)

- E.** providing a safe place to work and complying with all laws and regulations regarding the working conditions on the premises at which Company employees and agents shall be installing or maintaining the Company's facilities and equipment. The Customer may be required to install and maintain Company facilities and equipment within a hazardous area if, in the Company opinion, injury or damage to Company employees or property might result from installation or maintenance by the Company. The Customer shall be responsible for identifying, monitoring, removing and disposing of any hazardous material (e.g. asbestos) prior to any construction or installation work;
- F.** complying with all laws and regulations applicable to, and obtaining all consents, approvals, licenses and permits as may be required with respect to, the location of Company facilities and equipment in any Customer premises or the rights-of-way for which Customer is responsible under Section 2.3.1D.; and granting or obtaining permission for Company agents or employees to enter the premises of the Customer at any time for the purpose of installing, inspecting, maintaining, repairing, or upon termination of service as stated herein, removing the facilities or equipment of the Company;
- G.** not creating, or allowing to be placed, any liens or other encumbrances on Company equipment or facilities; and
- H.** making Company facilities and equipment available periodically for maintenance purposes at a time agreeable to both the Company and the Customer. No allowance will be made for the period during which service is interrupted for such purposes.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.3 Obligations of the Customer, (Cont'd.)

2.3.2 Liability of the Customer

- A.** The Customer will be liable for damages to the facilities of the Company and for all incidental and consequential damages caused by the negligent or intentional acts or omissions of the Customer, its officers, employees, agents, invites, or contractors where such acts or omissions are not the direct result of the negligent or intentional acts of the Company.
- B.** To the extent caused by any negligent or intentional act of the Customer as described in A., preceding, the Customer shall indemnify, defend and hold harmless the Company from and against all claims, actions, damages, liabilities, costs and expenses, including reasonable attorneys' fees, for (1) any loss, destruction or damage to property of any third party, and (2) any liability incurred by the Company to any third party, pursuant to this or any other tariff of the Company, or otherwise, for any interruption of, interference to, or other defect in any service provided by the Company to such third party.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.4 Customer Equipment and Channels

2.4.1 General

A User may transmit or receive information or signals via the facilities of the Company. Company services are designed primarily for the transmission of voice-grade telephonic signals, except as otherwise stated in this tariff. A User may transmit any form of signal that is compatible with Company equipment, but the Company does not guarantee that its services will be suitable for purposes other than voice-grade telephonic communication except as specifically stated in this tariff.

2.4.2 Station Equipment

- A. Terminal equipment on Customer Premises and the electric power consumed by such equipment shall be provided by and maintained at the expense of the Customer. The Customer is responsible for the provision of wiring or cable to connect its terminal equipment to the Company Point of Connection.
- B. The Customer is responsible for ensuring that Customer-provided equipment connected to Company equipment and facilities is compatible with such equipment and facilities. The magnitude and character of the voltages and currents impressed on Company-provided equipment and wiring by the connection, operation, or maintenance of such equipment and wiring shall be such as not to cause damage to the Company-provided equipment and wiring or injury to Company employees or to other persons. Any additional protective equipment required to prevent such damage or injury shall be provided by the Company at Customer expense, subject to prior Customer approval of the equipment expense.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.4 Customer Equipment and Channels, (Cont'd.)

2.4.3 Interconnection of Facilities

- A. Any special interface equipment necessary to achieve compatibility between the facilities and equipment of the Company used for furnishing Communication Services and the channels, facilities, or equipment of others shall be provided at the Customer's expense.
- B. Communication Services may be connected to the services or facilities of other communications carriers only when authorized by, and in accordance with, the terms and conditions of the tariffs of the other communications carriers that are applicable to such connections.
- C. Facilities furnished under this tariff may be connected to Customer-provided terminal equipment in accordance with the provisions of this tariff. All such terminal equipment shall be registered by the Federal Communications Commission pursuant to Part 68 of Title 47, Code of Federal Regulations; and all Customer-provided wiring shall be installed and maintained in compliance with those regulations.
- D. Users may interconnect communications facilities that are used in whole or in part for interstate communications to services provided under this tariff only to the extent that the user is an "End User", as defined in Section 69.2(m), Title 47, Code of Federal Regulations (1992 edition).

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.4 Customer Equipment and Channels, (Cont'd.)

2.4.4 Inspections

- A.** Upon suitable notification to the Customer, and at a reasonable time, the Company may make such tests and inspections as may be necessary to determine that the Customer is complying with the requirements set forth in Section 2.4.2.A. for the installation, operation, and maintenance of Customer-provided facilities, equipment, and wiring in the connection of Customer-provided facilities and equipment to Company-owned facilities and equipment.
- B.** If the protective requirements for Customer-provided equipment are not being complied with, the Company may take such action as it deems necessary to protect its facilities, equipment, and personnel. The Company will notify the Customer promptly if there is any need for further corrective action. Within ten days of receiving this notice, the Customer must take this corrective action and notify the Company of the action taken. If the Customer fails to do this, the Company may take whatever additional action is deemed necessary, including the suspension of service, to protect its facilities, equipment and personnel from harm.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.5 Payment Arrangements

2.5.1 Payment for Service

The Customer is responsible for the payment of all charges for facilities and services furnished by the Company to the Customer and to all Authorized Users by the Customer, regardless of whether those services are used by the Customer itself or are resold to or shared with other persons.

The Customer is responsible for payment of any sales, use, gross receipts, excise, access or other local, state, federal and 911 taxes, charges or surcharges (however designated) (excluding taxes on Company net income) imposed on or based upon the provision, sale or use of Network Services.

The security of the Customer PIN is the responsibility of the Customer. All calls placed using a PIN shall be billed to and shall be the obligation of the Customer. The Customer shall not be responsible for charges in connection with the unauthorized use of PINs arising after the Customer notifies the Company of the loss, theft, or other breach of security of such PINs.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.5 Payment Arrangements

2.5.2 Billing and Collection of Charges

The Customer is responsible for payment of all charges incurred by the Customer or other Authorized Users for services and facilities furnished to the Customer by the Company.

- A. Nonrecurring charges are due and payable within thirty (30) days after the invoice date, unless otherwise agreed to in advance.
- B. The Company shall present invoices for recurring charges monthly to the Customer, in advance of the month in which service is provided, and Recurring Charges shall be due and payable within thirty (30) days after the invoice date. When billing is based on customer usage, charges will be billed monthly for the preceding billing periods.
- C. When service does not begin on the first day of the month, or end on the last day of the month, the charge for the fraction of the month in which service was furnished will be calculated on a pro rata basis. For this purpose, every month is considered to have thirty (30) days.
- D. Billing of the Customer by the Company will begin on the Service Commencement Date, which is the first day following the date on which the Company notifies the Customer that the service or facility is available for use, except that the Service Commencement Date may be postponed by mutual agreement of the parties, or if the service or facility does not conform to standards set forth in this tariff or the Service Order. Billing accrues through and includes the day that the service, circuit, arrangement or component is discontinued.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.5 Payment Arrangements, (Cont'd.)

2.5.2 Billing and Collection of Charges, (Cont'd.)

- E.** If any portion of the payment is not received by the Company, or if any portion of the payment is received by the Company in funds that are not immediately available, within twenty (20) days of the mail date on the bill, then a late payment penalty shall be due the Company. The late payment penalty shall be that portion of the payment not received by the date due minus any charges billed as local taxes multiplied by 1.5%.
- F.** The Customer will be assessed a *maximum* charge of thirty-five (\$35.00) for each check submitted by the Customer to the Company that a financial institution refuses to honor. See Section 10, Page 3 for current charges.
- G.** If service is discontinued by the Company in accordance with Section 2.6 following and later restored, restoration of service will be subject to all applicable installation charges.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.5 Payment Arrangements, (Cont'd.)

2.5.3 Disputed Bills

- A. In the event that a billing dispute occurs concerning any charges billed to the Customer by the Company, the Company may require the Customer to pay the undisputed portion of the bill to avoid discontinuance of service for non-payment. The Customer must submit a documented claim for the disputed amount. The Customer will submit all documentation as may reasonably be required to support the claim. All claims must be submitted to the Company within 90 days of receipt of billing for those services. If the Customer does not submit a claim as stated above, the Customer waives all rights to filing a claim thereafter.
- B. Unless disputed the invoice shall be deemed to be correct and payable in full by the Customer. If the Customer is unable to resolve any dispute with the Company, then the Customer may file a complaint with the Arizona Corporation Commission, 1200 West Washington Street, Phoenix, Arizona 85007.
- C. If the dispute is resolved in favor of the Customer and the Customer has withheld the disputed amount, no interest, credits or penalties will apply.

2.5.4 Advance Payments

To safeguard its interests, the Company may require a Customer to make an advance payment before services and facilities are furnished. The advance payment will not exceed an amount equal to the nonrecurring charge(s) and one month's charges for the service or facility. In addition, where special construction is involved, the advance payment may also include an amount equal to the estimated nonrecurring charges for the special construction and recurring charges (if any) for a period to be set between the Company and the Customer. The advance payment will be credited to the Customer's initial bill. An advance payment may be required in addition to a deposit.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.5 Payment Arrangements, (Cont'd.)

2.5.5 Deposits

- A.** The Company may, in order to safeguard its interests, require a Customer which has a proven history of late payments to the Company or does not have established credit or has a bad credit rating to make a deposit prior to or at any time after the provision of service to the Customer to be held by the Company as a guarantee of the payment of rates and charges. No such deposit will be required of a Customer which has established satisfactory credit and has no history of late payments to the Company.
- B.** The amount of the deposit which may be required of a Customer for the purpose of establishing credit shall not exceed two times the average monthly bill for residential Customers whose bills are payable in advance. The amount of deposit may be adjusted at the request of the Customer at any time when the character, purpose, or degree of the Customer's use of the service has materially changed, or when it is indicated that it will change.
- C.** The making of a deposit shall not relieve any Customer of the obligation to pay current bills when due. A deposit shall only be applied to the indebtedness of the Customer for jurisdictional telecommunications services of the provider.
- D.** The Company will pay interest on deposits, to accrue from the date the deposit is made until it has been refunded, or until a reasonable effort has been made to effect refund. The Company will pay interest at the rate prescribed by the Commission.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.5 Payment Arrangements, (Cont'd.)

2.5.5 Deposits, (Cont'd.)

- E. The Company shall keep a record of each cash deposit until the deposit is returned. The record will show the name of each Customer making a deposit; the premises occupied by the Customer when making the deposit and each successive premises occupied while the deposit is retained by the Company; the amount and date of making the deposit; and a record of each transaction, such as the payment of interest, interest credited, etc., concerning the deposit. Concurrently with receiving a deposit, the Company will provide the Customer a receipt showing the deposit date, the name and billing address of the Customer and the deposit amount.
- F. Upon discontinuance of service, or when a Customer has established credit by other means, the Company will promptly refund any deposit, plus accrued simple interest, or the balance, if any, in excess of the unpaid bills for the services furnished by the company. A transfer of service from one location to another within the Company's serving area shall not be deemed a discontinuance with the Company if the character of the service remains unchanged.
- G. Deposits will be refunded after twelve months of timely payment, with interest as specified above.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.6 Discontinuance of Service

- 2.6.1** Upon nonpayment of any amounts owing to the Company, the Company may, by giving five (5) days written notice to the Customer, discontinue or suspend service without incurring any liability.
- 2.6.2** Upon violation of any of the other material terms or conditions for furnishing service the Company may, by giving five (5) days written notice to the Customer, discontinue or suspend service without incurring any liability if such violation continues during that period.
- 2.6.3** Upon condemnation of any material portion of the facilities used by the Company to provide service to a Customer or if a casualty renders all or any material portion of such facilities inoperable beyond feasible repair, the Company, by notice to the Customer, may discontinue or suspend service without incurring any liability.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.6 Discontinuance of Service, (Cont'd.)

- 2.6.4** Upon Customer insolvency, assignment for the benefit of creditors, filing for bankruptcy or reorganization, or failing to discharge an involuntary petition within the time permitted by law, the Company may immediately discontinue or suspend service without incurring any liability.
- 2.6.5** Upon any governmental prohibition or required alteration of the services to be provided or any violation of an applicable law or regulation, the Company may immediately discontinue service without incurring any liability.
- 2.6.6** In the event of fraudulent use of the Company's network, the Company will discontinue service without notice and/or seek legal recourse to recover all costs involved in enforcement of this provision.
- 2.6.7** Upon Company discontinuance of service to the Customer under Section 2.6.1. or 2.6.2 above, the Company, in addition to all other remedies that may be available to the Company at law or in equity or under any other provision of this tariff, may declare all future monthly and other charges that would have been payable by the Customer during the remainder of the term for which such services would have otherwise been provided to the Customer to be immediately due and payable (discounted to present value at six percent).
- 2.6.8** Without notice in the event of Customer use of equipment or services in such a manner as to adversely affect the Company's service to others.
- 2.6.9** Without notice in the event of tampering with the equipment or services furnished by the Company.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.7 Cancellation of Application for Service

- 2.7.1** Applications for service cannot be canceled without Company agreement. Where the Company permits a Customer to cancel an application for service prior to the start of service or prior to any special construction, no charges will be imposed except for those specified below.
- 2.7.2** Where, prior to cancellation by the Customer, the Company incurs any expenses in installing the service or in preparing to install the service that it otherwise would not have incurred, a charge equal to the costs incurred by the Company, less net salvage, shall apply, but in no case shall this charge exceed the sum of the charge for the minimum period of services ordered, including installation charges, and all charges others levy against the Company that would have been chargeable to the Customer had service commenced (all discounted to present value at six percent).
- 2.7.3** Where the Company incurs any expense in connection with special construction, or where special arrangements of facilities or equipment have begun, before the Company receives a cancellation notice, a charge equal to the costs incurred by the Company, less net salvage, applies. In such cases, the charge will be based on such elements as the cost of the equipment, facilities, and material, the cost of installation, engineering, labor, and supervision, general and administrative expense, other disbursements, depreciation, maintenance, taxes, provision for return on investment, and any other costs associated with the special construction or arrangements.
- 2.7.4** The special charges described in 2.7.1 through 2.7.3 above, will be calculated and applied on a case-by-case basis.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.8 Changes in Service Requested

If the Customer makes or requests material changes in circuit engineering, equipment specifications, service parameters, premises locations, or otherwise materially modifies any provision of the application for service, the Customer's installation fee shall be adjusted accordingly.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.9 Allowances for Interruptions in Service

Interruptions in service that are not due to the negligence of, or noncompliance with the provisions of this tariff by, the Customer or the operation or malfunction of the facilities, power or equipment provided by the Customer, will be credited to the Customer as set forth in 2.9.1 for the part of the service that the interruption affects.

2.9.1 General

- A.** A credit allowance will be given when service is interrupted, except as specified below. A service is interrupted when it becomes inoperative to the Customer, e.g., the Customer is unable to transmit or receive, because of a failure of a component furnished by the Company under this tariff.
- B.** An interruption period begins when the Customer reports a service, facility or circuit to be inoperative and, if necessary, releases it for testing and repair. An interruption period ends when the service, facility or circuit is operative.
- C.** If the Customer reports a service, facility or circuit to be interrupted but declines to release it for testing and repair, or refuses access to its premises for test and repair by the Company, the service, facility or circuit is considered to be impaired, but not interrupted. No credit allowances will be made for a service, facility or circuit considered by the Company to be impaired.
- D.** The Customer shall be responsible for the payment of service charges as set forth herein for visits by the Company's agents or employees to the premises of the Customer when the service difficulty or trouble report results from the use of equipment or facilities provided by any party other than the Company, including but not limited to the Customer.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.9 Allowances for Interruptions in Service, (Cont'd.)

2.9.2 Limitations of Allowances

No credit allowance will be made for any interruption in service:

- A. Due to the negligence of or noncompliance with the provisions of this tariff by any person or entity, including but not limited to the Customer;
- B. Due to the failure of power, equipment, systems, connections or services not provided by the Company;
- C. Due to circumstances or causes beyond the reasonable control of the Company;
- D. During any period in which the Company is not given full and free access to its facilities and equipment for the purposes of investigating and correcting interruptions;
- E. A service will not be deemed to be interrupted if a Customer continues to voluntarily make use of such service. If the service is interrupted, the Customer can get a service credit, use another means of communications provided by the Company (pursuant to Section 2.9.3), or utilize another service provider;
- F. During any period when the Customer has released service to the Company for maintenance purposes or for implementation of a Customer order for a change in service arrangements;
- G. That occurs or continues due to Customer failure to authorize replacement of any element of special construction; and
- H. That was not reported to the Company within thirty (30) days of the date that service was affected.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.9 Allowances for Interruptions in Service, (Cont'd.)

2.9.3 Use of Another Means of Communications

If the Customer elects to use another means of communications during the period of interruption, the Customer must pay the charges for the alternative service used.

2.9.4 Application of Credits for Interruptions in Service

- A. Credits for interruptions in service that is provided and billed on a flat rate basis for a minimum period of at least one month, beginning on the date that billing becomes effective, shall in no event exceed an amount equivalent to the proportionate charge to the Customer for the period of service during which the event that gave rise to the claim for a credit occurred. A credit allowance is applied on a pro rata basis against the rates specified hereunder and is dependent upon the length of the interruption. Only those facilities on the interrupted portion of the circuit will receive a credit.
- B. For calculating credit allowances, every month is considered to have thirty (30) days.
- C. A credit allowance will be given for interruptions of thirty (30) minutes or more. Two or more interruptions of fifteen (15) minutes or more during any one 24-hour period shall be combined into one cumulative interruption.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.9 Allowances for Interruptions in Service, (Cont'd.)

2.9.4 Application of Credits for Interruptions in Service, (Cont'd.)

D. Interruptions of 24 Hours or Less

Length of Interruption	Amount of Service To Be Credited
Less than 1 hour	None
1 hour up to but not including 6 hours	$\frac{1}{4}$ Day
6 Hours up to but not including 12 hours	$\frac{1}{2}$ Day
12 hours up to but not including 24 hours	One Day

E. Interruptions Over 24 Hours and Less Than 72 Hours

Interruptions over 24 hours and less than 72 hours will be credited 1/2 day for each 12-hour period or fraction thereof. No more than one full day's credit will be allowed for any period of 24 hours.

F. Interruptions Over 72 Hours

Interruptions over 72 hours will be credited 2 days for each full 24-hour period. No more than thirty (30) days credit will be allowed for any one month period.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.9 Allowances for Interruptions in Service, (Cont'd.)

2.9.5 Cancellation For Service Interruption

Cancellation or termination for service interruption is permitted only if any circuit experiences a single continuous outage of 8 hours or more or cumulative service credits equaling 16 hours in a continuous 12-month period. The right to cancel service under this provision applies only to the single circuit that has been subject to the outage or cumulative service credits.

2.10 Use of Customer Service by Others

2.10.1 Joint Use Arrangements

Joint use arrangements will be permitted for all services provided under this tariff. From each joint use arrangement, one member will be designated as the Customer responsible for the manner in which the joint use of the service will be allocated. The Company will accept orders to start, rearrange, relocate, or discontinue service only from the designated Customer. Without affecting ultimate Customer responsibility for payment of all charges for the service, each joint user shall be responsible for the payment of the charges billed to it.

2.11 Cancellation by Customer

Customers may cancel service verbally or in writing. The company shall hold the Customer responsible for payment of all charges, including fixed fees, surcharges, etc., which accrue up to the cancellation date. Customers that cancel the primary local exchange line will have the entire account disconnected, including any secondary line and all associated features. In the event the Customer executes a term commitment agreement with the Company, the Customer must cancel service and terminate the agreement in accordance with the agreement terms.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.12 Cancellation of Service/Termination Liability

If a Customer cancels a Service Order or terminates services before the completion of the term for any reason whatsoever other than a service interruption (as defined in Section 2.9.1 above), the Customer agrees to pay to the applicable Company termination liability charges, as defined below. These charges shall become due as of the effective date of the cancellation or termination and be payable within the period, set forth in Section 2.5.2.

2.12.1 Termination Liability

The Customer may cancel service without termination liability at the end of the term of the agreement by providing written notice at least 30 days prior to the end of the term of the intent to do so. The Customer's termination liability for cancellation of service prior to the end of the initial or any renewal term shall be equal to:

- A. all unpaid nonrecurring charges reasonably expended by the Company to establish service to the Customer; plus
- B. any disconnection, early cancellation or termination charges reasonably incurred and paid to third parties by the Company on behalf of the Customer; plus
- C. 90% of the Monthly Recurring Charge for the service under the term agreement, multiplied by the number of lines, multiplied by the months remaining in the term agreement.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.13 Transfers and Assignments

Neither the Company nor the Customer may assign or transfer its rights or duties in connection with the services and facilities provided by the Company without the written consent of the other party, except that the Company may assign its rights and duties:

2.13.1 to any subsidiary, parent company or affiliate of the Company; or

2.13.2 pursuant to any sale or transfer of substantially all the assets of the Company; or

2.13.3 pursuant to any financing, merger or reorganization of the Company.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.14 Customer Liability for Unauthorized Use of the Network

Unauthorized use of the network occurs when a person or entity that does not have actual, apparent, or implied authority to use the network, obtains Company services provided under this tariff.

2.14.1 Customer Liability for Fraud and Unauthorized Use of the Network

- A. The Customer is liable for the unauthorized use of the network obtained through the fraudulent use of a Company calling card, if such a card is offered by the Company, or an accepted credit card, provided that the unauthorized use occurs before the Company has been notified.
- B. A Company calling card is a telephone calling card issued by the Company at Customer request, which enables the Customer or user(s) authorized by the Customer to place calls over the Network and to have the charges for such calls billed to the Customer account.

An accepted credit card is any credit card that a cardholder has requested or applied for and received, or has signed, used, or authorized another person to use to obtain credit. Any credit card issued as a renewal or substitute in accordance with this paragraph is an accepted credit card when received by the cardholder.

- C. The Customer must give the Company written or oral notice that an unauthorized use of a Company calling card or an accepted credit card has occurred or may occur as a result of loss, and/or theft.
- D. The Customer is responsible for payment of all charges for calling card services furnished to the Customer or to users authorized by the Customer to use service provided under this tariff, unless due to the negligence of the Company. This responsibility is not changed due to any use, misuse, or abuse of the Customer's service or Customer-provided equipment by third parties, Customer employees, or the public.

The liability of the Customer for unauthorized use of the Network by credit card fraud will not exceed the lesser of fifty dollars (\$50.00) or the amount of money, property, labor, or services obtained by the unauthorized user before notification to the Company.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.15 Notices and Communications

- 2.15.1** The Customer shall designate on the Service Order an address to which the Company shall mail or deliver all notices and other communications, except that the Customer may also designate a separate address to which Company bills for service shall be mailed.
- 2.15.2** The Company shall designate on the Service Order an address to which the Customer shall mail or deliver all notices and other communications, except that Company may designate a separate address on each bill for service to which the Customer shall mail payment on that bill.
- 2.15.3** Except as otherwise stated in this tariff, all notices or other communications required to be given pursuant to this tariff will be in writing. Notices and other communications of either party, and all bills mailed by the Company, shall be presumed to have been delivered to the other party on the third business day following placement of the notice, communication or bill with the U.S. Mail or a private delivery service, prepaid and properly addressed, or when actually received or refused by the addressee, whichever occurs first.
- 2.15.4** The Company or the Customer shall advise the other party of any changes to the addresses designated for notices, other communications or billing, by following the procedures for giving notice set forth herein.

2.16 Taxes, Fees and Surcharges

The Company reserves the right to bill any and all applicable taxes, fees and surcharges in addition to normal rates and charges for services provided to the Customer. Taxes and fees include, but are not limited to: Federal Excise Tax, State Sales Tax, Municipal Tax, and Gross Receipts Tax. Unless otherwise specified in this tariff, such taxes, fees and surcharges are in addition to rates as quoted in this tariff and will be itemized separately on Customer invoices.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.16 Taxes, Fees and Surcharges, (Cont'd.)

2.16.1 Arizona Universal Service Fund (AUSF)

In addition to all other taxes and fees that are listed herein or passed through in the normal course of business (e.g. sales tax), the Company shall also add an amount to be collected to each bill for recovery of the Arizona Universal Service Fund (AUSF).

Towards the ultimate goal that basic service be available and affordable to all citizens of the state, the Arizona Corporation Commission has created support mechanisms to assist in the provision of such service in high-cost areas. Pursuant to Arizona Administrative Code, R14-2, Article 12, the Rule directs that the surcharge will be levied on all telecommunications service purchased by end-users.

The Arizona Universal Service Fund (AUSF) surcharge will be the amount set forth in the Arizona Administrative Code, R14-2, Article 12. The percentage and amounts set forth will be subject to periodic adjustment by the Company.

2.17 Miscellaneous Provisions

2.17.1 Telephone Number Changes

Whenever any Customer telephone number is changed after a directory is published, the Company shall intercept all calls to the former number for up to one hundred and twenty (120) days and give the calling party the new number provided existing central office equipment will permit, and the Customer so desires.

When service in an existing location is continued for a new Customer, the existing telephone number may be retained by the new Customer only if the former Customer consents in writing, and if all charges against the account are paid or assumed by the new Customer.

2.17.2 Maintenance and Operations Records

Records of various tests and inspections, to include non-routine corrective maintenance actions or monthly traffic analysis summaries for network administration, necessary for the purposes of the Company or to fulfill the requirements of Commission rules shall be kept on file in the office of the Company as required under Commission rules.

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SECTION 3.0 - SERVICE AREAS

3.1 Exchange Service Areas

Local exchange services are provided, subject to availability of facilities and equipment, in areas currently served by the following Incumbent LECs:

- 1) Qwest Communications, Inc.

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SECTION 4 - SERVICE CHARGES AND SURCHARGES, (CONT'D.)

4.1 Service Order and Change Charges

4.1.1 General

Nonrecurring charges apply to processing Service Orders for new service and for changes in service.

New Installation Charge - applies to requests for initial connection or establishment of telephone service to the Company. This charge applies to each line installed.

Service Order Change Charge - applies to work associated with Customer-requested changes to existing services, including adding or deleting line features, directory listing changes or additions and billing or contact information changes to Customer accounts. One Service Order Change Charge applies for each change order requested by the Customer. If multiple changes are requested by the Customer and occur on the same order, only one charge applies.

Move Charge - applies when a Customer requests a move or change in physical location of each line. This charge applies whether a Customer changes a telephone number or not. In addition, if the Customer requests a telephone number change, a separate charge may apply.

Telephone Number Change Charge - applies to each Customer-initiated change in telephone number.

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SECTION 4 - SERVICE CHARGES AND SURCHARGES, (CONT'D.)

4.1 Service Order and Change Charges, (Cont'd.)

4.1.2 Maximum Rates

New Installation Charge, per line:	\$ 90.00
Service Order Change Charge, per order:	\$ 60.00
Move Charge, per request:	\$ 90.00
Telephone Number Change Charge, per request:	\$ 60.00

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SECTION 4 - SERVICE CHARGES AND SURCHARGES, (CONT'D.)

4.2 Restoral Charge

A restoral charge applies each time a service is reconnected after suspension or termination for nonpayment but before cancellation of the service, as deemed in Section 1 of this Tariff.

Maximum Restoration, per line: \$ 35.00

4.3 Premises Visit Charge

Premises Visit charges apply when the installation of network access facilities or trouble resolution require a visit to the Customer's premises. This charge applies in addition to the Technician Dispatch Charge.

Maximum Premises Visit Charge, per visit \$ 50.00

Maximum Premises Work Charge:

Initial 30 minutes \$120.00

Each Additional 15 minutes \$ 60.00

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SECTION 4 - SERVICE CHARGES AND SURCHARGES, (CONT'D.)

4.4 Carrier Presubscription

4.4.1 General

Carrier Presubscription is a procedure whereby a Customer designates to the Company the carrier that the Customer wishes to be the carrier of choice for intraLATA and interLATA toll calls. Such calls are automatically directed to the designated carrier, without the need to use carrier access codes or additional dialing to direct the call to the designated carrier. Presubscription does not prevent a Customer who has presubscribed to an IntraLATA or InterLATA toll carrier from using carrier access codes or additional dialing to direct calls to an alternative long distance carrier on a per call basis.

4.4.2 Presubscription Options - Customers may select the same carrier or separate carriers for intraLATA and interLATA long distance. The following options for long distance Presubscription are available:

- Option A:** Customer selects the Company as the presubscribed carrier for IntraLATA and InterLATA toll calls subject to presubscription.
- Option B:** Customer may select the Company as the presubscribed carrier for IntraLATA calls subject to presubscription and some other carrier as the presubscribed carrier for interLATA toll calls subject to presubscription.
- Option C:** Customer may select a carrier other than the Company for intraLATA toll calls subject to presubscription and the Company for interLATA toll calls subject to presubscription.

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SECTION 4 - SERVICE CHARGES AND SURCHARGES, (CONT'D.)

4.4 Carrier Presubscription, (Cont'd.)

4.4.2 Presubscription Options, (Cont'd.)

Option D: Customer may select the carrier other than the Company for both intraLATA and interLATA toll calls subject to presubscription

Option E: Customer may select two different carriers, neither being the Company for intraLATA and interLATA toll calls. One carrier to be the Customers' primary intraLATA interexchange carrier. The other carrier to be the Customer's primary interLATA interexchange carrier.

Option F: Customer may select a carrier other than the Company for no presubscribed carrier for intraLATA toll calls subject to presubscription or which will require the Customer to dial a carrier access code to route all intraLATA toll calls to the carrier of choice for each call.

4.4.3 Rules and Regulations

Customers of record will retain their primary interexchange carrier(s) until they request that their dialing arrangements be changed.

Customers of record or new Customers may select either Options A, B, C, D, E or F for intraLATA Presubscription.

Customers may change their selected Option and/or presubscribed toll carrier at any time subject to charges specified in 4.4.5 below:

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SECTION 4 - SERVICE CHARGES AND SURCHARGES, (CONT'D.)

4.4 Carrier Presubscription, (Cont'd.)

4.4.4 Presubscription Procedures

A new Customer will be asked to select intraLATA and interLATA toll carriers at the time the Customer places an order to establish local exchange service with the Company. The Company will process the Customer's order for service. All new Customers' initial requests for intraLATA toll service presubscription shall be provided free of charge.

If a new Customer is unable to make selection at the time the new Customer places an order to establish local exchange service, the Company will read a random listing of all available intraLATA and interLATA carriers to aid the Customer in selection. If selection is still not possible, the Company will inform the Customer that he/she will be given 90 calendar days in which to inform the Company of his/her choice for primary toll carrier(s) free of charge. Until the Customer informs the Company of his/her choice of primary toll carrier, the Customer will not have access to long distance services on a presubscribed basis, but rather will be required to dial a carrier access code to route all toll calls to the carrier(s) of choice. Customers who inform the Company of a choice for toll carrier presubscription within the 90 day period will not be assessed a service charge for the initial Customer request.

Customers of record may initiate a intraLATA or interLATA presubscription change at any time, subject to the charges specified in 4.4.5 below. If a Customer of record inquires of the Company of the carriers available for toll presubscription, the Company will read a random listing of all available intraLATA carriers to aid the Customer in selection.

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SECTION 4 - SERVICE CHARGES AND SURCHARGES, (CONT'D.)

4.4 Carrier Presubscription, (Cont'd.)

4.4.5 Presubscription Charges

A. Application of Charges

After a Customer's initial selection for a presubscribed toll carrier and as detailed in Paragraph 4.4.4 above, for any change thereafter, an Presubscription Change Charge, as set for the below will apply. Customers who request a change in intraLATA and interLATA carriers with the same order will be assessed a single charge per line.

B. Maximum Nonrecurring Charges

Per business or residence line, trunk, or port

Initial Line, or Trunk or Port	\$10.00
Additional Line, Trunk or Port	\$10.00

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SECTION 4 - SERVICE CHARGES AND SURCHARGES, (CONT'D.)

4.5 Public Telephone Surcharge

In order to recover Company expenses to comply with the FCC's pay telephone compensation plan effective on October 7, 1997 (FCC 97-371), an undiscountable per call charge is applicable to all intrastate calls that originate from any pay telephone used to access Company provided services. This surcharge, which is in addition to standard tariffed usage charges and any applicable service charges and surcharges associated with service, applies for the use of the instrument used to access Company provided service and is unrelated to the service accessed from the pay telephone.

Pay telephones include coin-operated and coinless phones owned by local telephone companies, independent companies and interexchange carriers. The Public Pay Telephone Surcharge applies to the initial completed call and any reoriginated call (e.g., using the "#" symbol). The Public Pay Telephone Surcharge does not apply to calls placed from pay telephones at which the Customer pays for service by inserting coins during the progress of the call.

Whenever possible, the Public Pay Telephone Surcharge will appear on the same invoice containing the usage charges for the surcharged call. In cases where proper pay telephone coding digits are not transmitted to the Company prior to completion of a call, the Public Pay Telephone Surcharge may be billed on a subsequent invoice after the Company has obtained information from a carrier that the originating station is an eligible pay telephone.

Maximum Rate Per Call: \$0.50

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SECTION 5 – LOCAL EXCHANGE SERVICE

5.1 General

Local exchange service is offered to business Customers on a presubscription basis from equal access originating end offices only. Unless other specified, the minimum term is one (1) month. Rates for service may vary by call type and/or term commitment. Usage rates, per call charges and monthly fees may apply. In addition, applicable Service Order and other nonrecurring charges may apply. Call timing is defined in the description for each service. Service is available 24 hours a day, 7 days a week. Service is available where technically feasible and where facilities permit.

5.1.1 Application of Business and Residential Rates

- A. The determination as to whether telephone service should be classified as Business is based on the character of the use to be made of the service. Service is classified as Business service where the use is primarily or substantially of a business, professional, institutional, or otherwise occupational nature. Where the business use, if any, is incidental and where the major use is of a personal or domestic nature at the person's dwelling, service is classified as Residential service.
- B. Business rates apply at the following locations, among others:
 - 1. In offices, stores and factories, and in quarters occupied by clubs, lodges, fraternal societies, schools, colleges, libraries, hospitals, and other business establishments.
 - 2. In residence locations where the place of residence is in the immediate proximity to a place of business and it is evident that the telephone in the residence is or will be used for business purposes, and in residence locations where an extension is located at a place where business rates would apply.
 - 3. In the residence of a practicing physician, dentist, veterinary, surgeon, or other medical practitioner who has no service at business rates at another location.
 - 4. In any residence location where there is substantial business use of the service and the customer has no service at business rates.

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SECTION 5 – LOCAL EXCHANGE SERVICE, (CONT'D.)

5.1 General, (Cont'd.)

5.1.1 Application of Business and Residential Rates, (Cont'd.)

C. Residence rates apply at the following locations, among others:

1. In private residences; in the residential portion of hotels, apartment houses, boarding houses, churches, or institutions when the use of the service is confined to the domestic use of the Customer and listings of a business nature are not furnished.
2. In the residence of a practicing physician, dentist, veterinarian, surgeon, or other medical practitioner provided that such residence is not a part of an office building and provided the Customer has service charged for at business rates another location.

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SECTION 5 – LOCAL EXCHANGE SERVICE, (CONT'D.)

5.1 General, (Cont'd.)

5.1.2 Charges Based on Duration of Use

Where charges for a service are specified based on the duration of use, such as the duration of a telephone call, the following rules apply:

- A. Calls are measured in durational increments identified for each service. All calls that are fractions of a measurement increment are rounded-up to the next whole unit.
- B. Timing on completed calls begins when the call is answered by the called party. Answering is determined by hardware answer supervision in all cases where this signaling is provided by the terminating local carrier and any intermediate carrier(s). Timing for operator service person-to-person calls start with completion of the connection to the person called or an acceptable substitute, or to the PBX station called.
- C. Timing terminates on all calls when the calling party hangs up or the Company network receives an off-hook signal from the terminating carrier.
- D. Calls originating in one time period and terminating in another will be billed in proportion to the rates in effect during different segments of the call.
- E. All times refer to local time.

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SECTION 5 – LOCAL EXCHANGE SERVICE, (CONT'D.)

5.1 General, (Cont'd.)

5.1.3 Call Timing for Usage Sensitive Services

Where charges for a service are specified based on the duration of use, such as the duration of a telephone call, the following rules apply:

- A. Calls are measured in durational increments identified for each service. All calls which are fractions of a measurement increment are rounded-up to the next whole unit.
- B. Timing on completed calls begins when the call is answered by the called party. Answering is determined by hardware answer supervision in all cases where this signaling is provided by the terminating local carrier and any intermediate carrier(s).
- C. Timing terminates on all calls when the calling party hangs up or the Company's network receives an off-hook signal from the terminating carrier.

Issued: May 24, 2005

Effective: .

By:

Gary Joseph, Vice President
4633 West Polk Street
Phoenix, Arizona 85043

SECTION 5 – LOCAL EXCHANGE SERVICE, (CONT'D.)

5.1 General, (Cont'd.)

5.1.4 Service Terms and Conditions

Local exchange service provides a Customer with a telephonic connection to, and a unique telephone number on, the Company switching network that enables the Customer to:

- a) receive calls from other stations on the public switched telephone network;
- b) access the Company Local Calling Services and other Services as set forth in this tariff;
- c) access interexchange calling services of the Company and of other carriers;
- d) access (at no additional charge) to Company operators and business office for service related assistance;
- e) access toll-free telecommunications services such as 800 NPA; and access toll-free emergency services by dialing 0 or 9-1-1 (where available);
- f) access relay services for the hearing and/or speech impaired.

Local exchange service cannot be used to originate calls to caller-paid information services (e.g., 900, 976) provided by other companies. Calls to those numbers and other numbers used for caller-paid information services will be blocked by the Company switch. Each Basic Local Exchange Service corresponds to one or more telephonic communications channels that can be used to place or receive one call at a time.

Individual line local exchange service is comprised of exchange access lines defined as follows:

Exchange Access Line – The service central office line equipment and all the Company plant facilities up to the demarcation point. These facilities are Company-provided and maintained and provide access to and from the telecommunications network for message toll service and for local calling appropriate to the tariffed use offering selected by the Customer.

Issued: May 24, 2005

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By:

Gary Joseph, Vice President
4633 West Polk Street
Phoenix, Arizona 85043

SECTION 5 – LOCAL EXCHANGE SERVICE, (CONT'D.)

5.2 Local Exchange Term Services

Recurring charges for are billed monthly in advance. Nonrecurring charges for usage and installation or rearrangement of service, as applicable, are billed on the next month's bill.

A one-time set up fee per account may apply.

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By:

Gary Joseph, Vice President
4633 West Polk Street
Phoenix, Arizona 85043

SECTION 5 – LOCAL EXCHANGE SERVICE, (CONT'D.)

5.2 Local Exchange Term Services, (Cont'd.)

5.2.1 Standard Flat Rate Service

Standard Flat Rate Service provides a Customer with analog, voice-grade telephonic communications channels that can be used to place or receive one call at a time. Lines are provided for the connection of Customer-provided wiring, telephone, facsimile machines or other station equipment. Local exchange service lines and trunks are provided on a single party (individual) basis only. No multi-party lines are provided.

Customers receive unlimited calling within their local calling area. No measured or message rate usage charges apply to calls placed to or received from areas within the local calling area.

A nonrecurring installation charge applies as listed in Section 4.1.2.

B. Maximum Monthly Recurring Charges

	Monthly Recurring <u>Charge</u>
Initial Line:	\$70.00
Additional line, each:	\$70.00

Issued: May 24, 2005

Effective: .

By: Gary Joseph, Vice President
4633 West Polk Street
Phoenix, Arizona 85043

SECTION 6 – SUPPLEMENTAL SERVICES

6.1 Operator Service

6.1.1 General

Company operator services, available to presubscribed Customers, are accessible on a twenty-four (24) hour per day seven (7) days per week basis. In addition to the per call service charge, usage rates apply. The types of calls handled are as follows:

Customer Dialed Calling/Credit Card Call – This charge applies in addition to usage charges for station to station calls billed to an authorized Calling Card or Commercial Credit Card. The Customer must dial the destination telephone number where the capability exists for the Customer to do so. A separate rate applies in the event operator assistance is requested for entering the Customer's card number for billing purposes.

Operator Dialed Calling/Credit Card Call – This charge applies in addition to usage charges for station to station calls billed to an authorized telephone Calling Card or Commercial Credit Card and the operator dials the destination telephone number at the request of the Customer.

Operator Station – These charges apply in addition to usage charges for non-Person-to-Person calls placed using the assistance of a Company operator and billed Collect, to a Third Party, or via some method other than a Calling Card or Commercial Credit Card.

Person-to-Person – This charge applies in addition to usage charges for calls placed with the assistance of a Company operator to a particular party at the destination number. This charge applies regardless of billing method, including but not limited to billing to a Calling Card, Commercial Credit Card, Collect or to a Third Party. Charges do not apply unless the specified party or an acceptable substitute is available.

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By:

Gary Joseph, Vice President
4633 West Polk Street
Phoenix, Arizona 85043

SECTION 6 – SUPPLEMENTAL SERVICES, (CONT'D.)

6.1 Operator Service, (Cont'd.)

6.1.2 Maximum Rates

A. Usage Charges

Usage charges for operator assisted calls are those usage charges that would normally apply to the calling party's service.

B. Maximum Per Call Service Charges

Customer Dialed Calling Card	\$ 6.00
Operator Assisted Station-to-Station	\$ 8.00
Operator Assisted Person-to-Person	\$12.00

6.2 Location Surcharge

At the option of the Subscriber, a per-call Location Surcharge may apply for the use of the Subscriber's telecommunications facilities and equipment, unless the Subscriber otherwise collects a surcharge directly from the end user.

6.2.1 Maximum Rate

Maximum Subscriber Surcharge: up to \$ 3.00

Issued: May 24, 2005

Effective:

By:

Gary Joseph, Vice President
4633 West Polk Street
Phoenix, Arizona 85043

SECTION 6 – SUPPLEMENTAL SERVICES, (CONT'D.)

6.3 Busy Line Verification and Interrupt Service

Upon request of a calling party the Company will verify a busy condition on a designated local service line. The operator will determine if the line is clear or in use and report to the calling party. At the request of the Customer, the operator will interrupt the call on the busy line. Emergency Interruption is only permitted in cases where the calling party indicates an emergency exists and requests interruption.

A Verification Charge will apply when:

- a. The operator verifies that the line is busy with a call in progress, or
- b. The operator verifies that the line is available for incoming calls.

Both a Verification Charge and an Emergency Interrupt Charge will apply when the operator verifies that a called number is busy with a call in progress and the Customer requests interruption. The operator will interrupt the call advising the called party of the name of the calling party and the called party will determine whether to accept the interrupt call. Charges will apply whether or not the called party accepts the interruption.

No charge will apply when the calling party advises that the call is to or from an official public emergency agency. Busy Verification and Emergency Interrupt Service is furnished where and to the extent that facilities permit.

The Customer shall identify and save the Company harmless against all claims that may arise from either party to the interrupted call or any person.

6.3.1 Maximum Rates

Busy Verification Charge, each request:	\$ 6.00
Emergency Interrupt Charge, each request:	\$12.00

Issued: May 24, 2005

Effective: .

By:

Gary Joseph, Vice President
4633 West Polk Street
Phoenix, Arizona 85043

SECTION 7 – TOLL SERVICES

7.1 General

Rates and regulations for the Access Services offered by the Company may be found in Arizona Tariff No. 1 for National Brands, Inc. d/b/a Sharenet Communications Company.

Issued: May 24, 2005

Effective: .

By:

Gary Joseph, Vice President
4633 West Polk Street
Phoenix, Arizona 85043

SECTION 8 – SPECIAL ARRANGEMENTS

8.1 Non-Routine Installation and/or Maintenance

At the Customer's request, installation and/or maintenance may be performed outside Company regular business hours, or (in sole discretion of the Company and subject to any conditions it may impose) in hazardous locations. In such cases, charges based on the cost of labor, material, and other costs incurred by or charged to the Company will apply. If installation is started during regular business hours but, at the Customer's request, extends beyond regular business hours into time periods including, but not limited to, weekends, holidays, and/or night hours, additional charges may apply.

8.2 Individual Case Basis (ICB) Arrangements

Rates for ICB arrangements will be developed on a case-by-case basis in response to a bona fide request from a Customer or prospective Customer for service which vary from tariffed arrangements. Rates quoted in response to such requests may be different for tariffed service than those specified for such service in the Current Price List. ICB rates will be offered to Customers in writing and will be made available to similarly situated Customers.

Issued: May 24, 2005

Effective: .

By:

Gary Joseph, Vice President
4633 West Polk Street
Phoenix, Arizona 85043

SECTION 9 – PROMOTIONAL OFFERINGS

9.1 Special Promotions

The Company may, from time to time, offer services in this Tariff at special promotional rates and/or terms. Such promotional arrangements shall be filed with the Commission when so required. All rates and terms contained in this Tariff shall continue to apply unless specifically addressed in the promotional agreements.

Issued: May 24, 2005

Effective: .

By:

Gary Joseph, Vice President
4633 West Polk Street
Phoenix, Arizona 85043

SECTION 10 – CURRENT PRICE LIST

10.1 Service Charges and Surcharges

10.1.1 Service Order and Change Charges

	<u>Business</u>	<u>Residential</u>
New Installation Charge, per line:	\$42.50	\$27.50
Service Order Change Charge, per order:	\$27.50	\$10.00
Move Charge, per request:	\$42.50	\$27.50

Issued: May 24, 2005

Effective:

By: Gary Joseph, Vice President
4633 West Polk Street
Phoenix, Arizona 85043

SECTION 10 – CURRENT PRICE LIST

10.1 Service Charges and Surcharges, (Cont'd.)

10.1.2 Restoral Charge

	<u>Business</u>	<u>Residential</u>
Restoration, per line:	\$16.00	\$16.00

10.1.3 Premises Visit Charge

	<u>Business</u>	<u>Residential</u>
Premises Visit Charge, per visit	\$25.00	\$25.00
Premises Work Charge:		
Initial 30 minutes	\$60.00	\$60.00
Each Additional 15 minutes	\$30.00	\$30.00

10.1.4 Carrier Presubscription

	<u>Business</u>	<u>Residential</u>
Per business or residence line, trunk, or port		
Initial Line, or Trunk or Port	\$5.00	\$5.00
Additional Line, Trunk or Port	\$5.00	\$5.00

Issued: May 24, 2005

Effective:

By: Gary Joseph, Vice President
4633 West Polk Street
Phoenix, Arizona 85043

SECTION 10 – CURRENT PRICE LIST, (CONT'D.)

10.1 Service Charges and Surcharges, (Cont'd.)

10.1.5 Public Telephone Surcharge

Rate Per Call: \$0.50

10.1.6 Return Check Charge

Per Check Returned: \$25.00

10.2 Local Exchange Services

10.2.1 Local Exchange Term Services

A. Standard Flat Rate Service

1. Monthly Recurring Charge, Per Line

	<u>Business</u>	<u>Residential</u>
Initial Line:	\$30.40	\$13.18
Additional line, each:	\$30.40	\$10.00

Issued: May 24, 2005

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By:

Gary Joseph, Vice President
4633 West Polk Street
Phoenix, Arizona 85043

SECTION 10 - CURRENT PRICE LIST, (CONT'D.)

10.3 Supplemental Services

10.3.1 Operator Services

A. Usage Charges

Usage charges for local and intraLATA operator assisted calls are those usage charges that would normally apply to the calling party's service.

B. Per Call Service Charges

Customer Dialed Calling Card or Credit Card	\$1.50
Operator Dialed Calling or Credit Card	\$2.50
Operator Station Collect	\$2.30
Person-to-Person Collect	\$4.50
Third Party Operator Station	\$2.30
Third Party Person-to-Person	\$4.50
Person-to-Person	\$4.50
Operator Station	\$3.50
Operator Dialed Surcharge	\$2.00
Location Surcharge*	\$1.00

C. Pay Telephone Surcharge

Rate per Call	\$0.45
---------------	--------

This charge is remitted to the aggregator except when aggregator is collecting a surcharge.

10.3.2 Busy Line Verification and Interrupt Service

A. Busy Line Verification, Per Request	\$3.00
B. Emergency Interrupt, Per Request	\$6.00

Issued: May 24, 2005

Effective:

By: Gary Joseph, Vice President
4633 West Polk Street
Phoenix, Arizona 85043

Section C

NATIONAL BRANDS, INC.

D/B/A

SHARENET COMMUNICATIONS COMPANY

ATTACHMENT C

COMPLAINT HISTORY

Ohio Settlement

From January 2001 through June 2003, National Brands, Inc. d/b/a Sharenet Communications assessed a \$2.50 nonsubscriber surcharge that was in Sharenet's valid OH tariff at the time these calls were made. OH staff advised Sharenet and other carriers in 2003 that even though they had previously approved the tariff filing, they had since determined that the nonsubscriber surcharge is not lawful under the Ohio cap, that fact was not apparent during the time of the above referenced calls. AT&T and other carriers tariffed and applied the nonsubscriber surcharge in the same manner as Sharenet during this same time period. Sharenet's tariff filing mirroring the AT&T nonsubscriber surcharge was not challenged nor questioned at the time of filing. Therefore, Sharenet relied on AT&T's example and its own accepted tariff in assessing the surcharge. Sharenet ceased to bill the surcharge after Staff indicated that the surcharge was not sustainable under the cap. Sharenet has removed the surcharge from its tariff. Sharenet negotiated a settlement with OH which is attached.

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Commission :
Consideration of a Settlement Agreement : Case No. 04- ____-TP-UNC
between the Staff of the Public Utilities :
Commission Of Ohio, and National Brands, :
Inc. d/b/a Sharenet Communications :
Company. :

Stipulation and Settlement Agreement

This Stipulation and Settlement Agreement ("Agreement") is entered into by and among National Brands, Inc. d/b/a Sharenet Communications Company (Sharenet) and the Staff of the Public Utilities Commission of Ohio ("Staff") and shall be binding upon all parties.

WHEREAS, Sharenet is a telephone company subject to the jurisdiction of the Public Utilities Commission of Ohio by Chapter 4905 of the Ohio Revised Code; and

WHEREAS, it was discovered that certain Sharenet customers received bills for intrastate long distance services that had been rated incorrectly; and

WHEREAS, Sharenet has corrected the inaccuracies in its billing systems that caused the bills to be incorrectly rated and has implemented a quality assurance program to assist with the prevention of further billing inaccuracies; and

WHEREAS, on January 7, 2004 Sharenet filed an amendment to its tariff canceling First Revised Page 31. section 3.6 of its PUCO tariff, the Non-Subscriber Surcharge.

NOW, THEREFORE, in full resolution of all issues addressed by this Agreement, the parties stipulate and agree as follows:

Sharenet shall pay the amount of \$30,278 (thirty thousand two hundred and seventy-eight dollars to the State of Ohio in four installments as follows:

1. \$7,569.50 within 15 days of the approval of this stipulation by the Commission;
2. \$7,569.50 by April 1, 2005;
3. \$7,569.50 by July 1, 2005; and,
4. \$7,569.50 by October 1, 2005.

All unpaid sums shall be immediately due and owing if Sharenet fails to make the payments required under this agreement, or upon the purchase of the company, or on the purchase of its assets, merger with another entity or abandonment of service. Sharenet shall make payments by cashier's check and sent to the fiscal division of the Public Utilities Commission of Ohio.

Whereas the Staff shall take no further action against Sharenet with respect to either the intrastate long distance charges or the Non-Subscriber Surcharge addressed in this Agreement.

Whereas, this Agreement, which is subject to the laws of the State of Ohio and the rules of the Public Utilities Commission of Ohio, shall not be effective until adopted and approved by the Commission. The date of the Commission Finding and Order adopting this Stipulation and Settlement Agreement shall be the effective date of the Agreement.

Gary Joseph
For National Brands, Inc. d/b/a Sharenet Communications Company

Date

Anne L. Hammerstein
Deputy Attorney General
Office of the Ohio Attorney General
Public Utilities Section
For the staff of the Public Utilities Commission of Ohio
Public Utilities Commission of Ohio

Date

Section D

NATIONAL BRANDS, INC.

D/B/A

SHARENET COMMUNICATIONS COMPANY

ATTACHMENT D

FINANCIAL STATEMENTS

NATIONAL BRANDS INC
INCOME STATEMENT
12/31/04

MONTH YEAR TO DATE

YEAR AGO CURRENT YEAR AGO

CURRENT

1,198,302 100.0 533,750 100.0 TOTAL SALES 11,891,410 100.0 16,891,893 100.0

956,877 79.9 441,651 82.7 TOTAL C/S 9,440,154 79.4 13,839,646 81.9

241,425 20.1 92,099 17.3 GROSS MARGIN 2,451,256 20.6 3,052,247 18.1

116,387 9.7 75,540 14.2 EXP - SELLING 1,163,673 9.8 1,468,320 8.7
121,362 10.1 360,742 67.6 - WHSE G&A 1,419,890 11.9 1,215,360 7.2
237,749 19.8 436,282 81.7 TOTAL EXPENSES 2,583,563 21.7 2,683,680 15.9

3,676 3 344,183- 64.5- OPERATING PROFIT 132,327- 1.1- 368,567 2.2

- 24,081 2.0 56,983- 10.7- OTHER INCOME -EXP- 263,413 2.2 299,065 1.8

27,757 2.3 401,166- 75.2- GROSS PROFIT 131,086 1.1 667,632 4.0

NATIONAL BRANDS, INC.
ASSETS
December 31, 2004

CURRENT ASSETS:

Cash
Accounts Receivable
Reserve for Bad Debts
Inventories
Prepays & other current assets

2,879,176
1,036,493
(7,254)
32,839
153,177
4,084,431

TOTAL CURRENT ASSETS

OTHER ASSETS:

Notes Receivable
Deposits & Other

23,000
605
23,605

FIXED ASSETS:

Land
Buildings
Equipment & Leasehold Improvements
Depreciation

471,442
2,875,351
2,341,729
5,688,522
(3,833,379)
1,855,143
\$5,963,179

TOTAL FIXED ASSETS:

TOTAL ASSETS

NATIONAL BRANDS, INC.
LIABILITIES
December 31, 2004

CURRENT LIABILITIES:

Accounts Payable
Accrued Expenses
Taxes

551,115
342,570
23,835
917,520

TOTAL CURRENT LIABILITIES

NET WORTH:

Common Stock
Retained Earnings - C Corp
Accumulated Adjustment Account - S Corp
Earnings Period Ended December 31, 2004

20,000
2,103,228
2,791,349
131,082
5,045,659

TOTAL NET WORTH

TOTAL LIABILITIES & NET WORTH

\$5,963,179

NATIONAL BRANDS INC
INCOME STATEMENT
12/31/04

MONTH	YEAR AGO	CURRENT	CURRENT	YEAR TO DATE
1,198,302	100.0	533,750	100.0	TOTAL SALES
				11,891,410
				100.0
				16,891,893
				100.0
956,877	79.9	441,651	82.7	TOTAL C/S
				9,440,154
				79.4
				13,839,646
				81.9
241,425	20.1	92,099	17.3	GROSS MARGIN
				2,451,256
				20.6
				3,052,247
				18.1
116,387	9.7	75,540	14.2	EXP - SELLING
				1,163,693
				9.8
121,362	10.1	360,742	67.6	- WHSE G&A
				1,419,890
				11.9
237,749	19.8	436,282	81.7	TOTAL EXPENSES
				2,583,583
				21.7
				2,683,680
				13.9
3,676	.3	344,183	64.5	OPERATING PROFIT
				132,327
				1.1
				368,567
				2.2
24,081	2.0	56,983	10.7	OTHER INCOME -EXP-
				263,413
				2.2
				299,065
				1.8
27,757	2.3	401,166	75.2	GROSS PROFIT
				131,086
				1.1
				667,632
				4.0

NATIONAL BRANDS, INC.
ASSETS
December 31, 2004

CURRENT ASSETS:

Cash	2,879,176
Accounts Receivable	1,026,493
Reserve for Bad Debts	(7,254)
Inventories	32,839
Prepays & other current assets	<u>153,177</u>
TOTAL CURRENT ASSETS	4,084,431

OTHER ASSETS:

Notes Receivable	23,000
Deposits & Other	<u>605</u>
	23,605

FIXED ASSETS:

Land	471,442
Buildings	2,875,351
Equipment & Leasehold Improvements	<u>2,341,729</u>
	5,688,522
Depreciation	<u>(3,833,379)</u>
TOTAL FIXED ASSETS:	1,855,143
TOTAL ASSETS	\$5,963,179

NATIONAL BRANDS, INC.
LIABILITIES
December 31, 2004

CURRENT LIABILITIES:

Accounts Payable	551,115
Accrued Expenses	342,570
Taxes	<u>23,835</u>
TOTAL CURRENT LIABILITIES	917,520

NET WORTH:

Common Stock	20,000
Retained Earnings - C Corp	2,103,228
Accumulated Adjustment Account - S Corp	2,791,349
Earnings Period Ended December 31, 2004	<u>131,082</u>
TOTAL NET WORTH	5,045,659

TOTAL LIABILITIES & NET WORTH

\$5,963,179

National Brands, Inc.
Financial Statements
For The Years Ended
December 31, 2003 and 2002

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CHRISTENSEN, GALE & MCLAREN, LLP
CERTIFIED PUBLIC ACCOUNTANTS
A LIMITED LIABILITY PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

ION W. GALE, CPA, P.C.
MICHAEL L. MCLAREN, CPA
PATRICK M. GOMEZ, CPA
ANDREW K. MCLAREN, CPA

MEMBERS:
AMERICAN INSTITUTE
OF CERTIFIED PUBLIC ACCOUNTANTS
ARIZONA SOCIETY
OF CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
National Brands, Inc.
Phoenix, Arizona

We have audited the accompanying balance sheets of National Brands, Inc. (an S Corporation) as of December 31, 2003 and 2002, and the related statements of income and retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Brands, Inc., as of December 31, 2003 and 2002, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Christensen, Gale & McLaren, LLP

CHRISTENSEN, GALE & MCLAREN, LLP

Mesa, Arizona
January 30, 2004

National Brands, Inc.
Balance Sheets
December 31, 2003 and 2002

ASSETS			
		<u>2003</u>	<u>2002</u>
CURRENT ASSETS			
Cash and Cash Equivalents		\$ 2,276,798	\$ 1,127,990
Accounts receivable, Net of Allowances for Doubtful Accounts of \$15,000 and \$20,000 respectively.		2,354,189	2,885,835
Inventories		526,454	1,205,989
Prepaid Expenses		<u>130,364</u>	<u>216,996</u>
Total Current Assets		<u>5,287,805</u>	<u>5,436,810</u>
PROPERTY AND EQUIPMENT			
Land		471,442	471,442
Building and Improvements		2,810,035	2,810,035
Furniture and Equipment		720,554	732,178
Communications Equipment		<u>1,763,551</u>	<u>1,785,014</u>
		5,765,582	5,798,669
Less Accumulated Depreciation		<u>3,786,633</u>	<u>3,692,791</u>
Total Property and Equipment		<u>1,978,949</u>	<u>2,105,878</u>
OTHER ASSETS			
Prepaid Expenses		128,867	148,344
Notes Receivable, Stockholder		<u>23,000</u>	<u>23,000</u>
Total Other Assets		<u>151,867</u>	<u>171,344</u>
TOTAL ASSETS		<u><u>\$ 7,418,621</u></u>	<u><u>\$ 7,714,032</u></u>

The accompanying notes are an integral part of these financial statements

LIABILITIES AND STOCKHOLDERS' EQUITY

	<u>2003</u>	<u>2002</u>
CURRENT LIABILITIES		
Accounts Payable	\$ 1,863,259	\$ 2,128,843
Accrued Expenses	302,564	353,498
Accrued Income Taxes	<u>11,132</u>	<u>17,807</u>
Total Current Liabilities	2,176,955	2,500,148
LONG-TERM LIABILITIES		
Rent Deposits Held	<u>27,088</u>	<u>27,088</u>
TOTAL LIABILITIES	<u>2,204,043</u>	<u>2,527,236</u>
STOCKHOLDERS' EQUITY		
Common Stock		
Authorized 4,000,000 Shares of Common Stock		
with \$1 Par Value		
Issued and Outstanding, 20,000 shares	20,000	20,000
Retained Earnings	<u>5,194,578</u>	<u>5,166,796</u>
Total Stockholders' Equity	<u>5,214,578</u>	<u>5,186,796</u>
TOTAL LIABILITIES		
AND STOCKHOLDERS' EQUITY	<u>\$ 7,418,621</u>	<u>\$ 7,714,032</u>

National Brands, Inc.
Statements of Income and Retained Earnings
For the Years Ended December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
REVENUE		
Merchandise	\$ 8,240,777	\$ 7,796,969
Communications	<u>8,650,850</u>	<u>9,081,291</u>
Total Revenue	<u>16,891,627</u>	<u>16,878,260</u>
 COST OF GOODS SOLD		
Merchandise	6,556,128	6,224,423
Communications	<u>7,283,160</u>	<u>7,257,507</u>
Total Costs of Goods Sold	<u>13,839,288</u>	<u>13,481,930</u>
 GROSS PROFIT	<u>3,052,339</u>	<u>3,396,330</u>
 OPERATING EXPENSES		
Selling	1,468,313	1,433,943
General and Administrative	<u>1,225,659</u>	<u>1,270,212</u>
Total Operating Expenses	<u>2,693,972</u>	<u>2,704,155</u>
 INCOME FROM OPERATIONS	<u>358,367</u>	<u>692,175</u>
 OTHER INCOME (EXPENSE)		
Interest and Dividend Income	26,294	30,694
Rental Income	300,056	300,056
Gain (Loss) from Sale of Assets	<u>5,403</u>	<u>0</u>
Total Other Income	<u>331,753</u>	<u>330,750</u>
 Income before Provision for Income Taxes	690,120	1,022,925
 Provision for Income Taxes	<u>22,338</u>	<u>60,000</u>
 NET INCOME	667,782	962,925
 RETAINED EARNINGS		
Beginning of Year	5,166,796	5,003,871
 Dividends	<u>(640,000)</u>	<u>(800,000)</u>
 End of Year	<u>\$ 5,194,578</u>	<u>\$ 5,166,796</u>

The accompanying notes are an integral part of these financial statements

National Brands, Inc.
Statements of Cash Flow
For the Years Ended December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ 667,782	\$ 962,925
Adjustments to Reconcile Net Income to Net Cash		
Provided by Operating Activities		
Depreciation and Amortization	161,455	167,750
(Gain) Loss From Sale of Assets	(5,403)	0
(Increase) Decrease in:		
Accounts Receivable	531,646	(229,696)
Inventories	679,535	2,915
Prepaid Expenses	106,109	169,647
Increase (Decrease) in:		
Accounts Payable	(265,584)	(766,380)
Accrued Expenses	(50,934)	(144,417)
Accrued Income Taxes	(6,675)	3,406
Net Cash Provided by Operating Activities	<u>1,817,931</u>	<u>166,150</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Equipment	(46,123)	0
Proceeds from Sale of Equipment	<u>17,000</u>	<u>0</u>
Net Cash Used by Investing Activities	<u>(29,123)</u>	<u>0</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends Paid	<u>(640,000)</u>	<u>(800,000)</u>
Net Cash Used by Financing Activities	<u>(640,000)</u>	<u>(800,000)</u>
NET INCREASE IN CASH	1,148,808	(633,850)
CASH - BEGINNING OF YEAR	<u>1,127,990</u>	<u>1,761,840</u>
CASH - END OF YEAR	<u><u>\$ 2,276,798</u></u>	<u><u>\$ 1,127,990</u></u>

The accompanying notes are an integral part of these financial statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Company was formed in 1975 and is a wholesale distributor of electrical housewares, video and audio products. Its principal customers include several large general merchandise, food and drug chains located in the Western United States. In 1988, the Company added communications services as a new business segment and serves the same geographical area. Communications approximates 50% of the Company's business.

Cash and Cash Equivalents

For purposes of balance sheet presentation and the statement of cash flows, the Company considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

Inventories

Inventories are stated at the lower of cost or market on the first-in first-out method.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight line method over the estimated useful lives of three to forty years. Depreciation expense at December 31, 2003 and 2002 was \$161,445 and \$167,750, respectively.

Advertising

The Company shares advertising costs with manufacturers and its customers. The Company expenses advertising costs as incurred. For the years ended December 31, 2003 and 2002, the Company incurred \$47,945 and \$161,338 and was reimbursed \$48,645 and \$183,567 of advertising costs, respectively.

Income Taxes

The shareholders of the Company elected to be taxed under the provisions of Sub-Chapter S of the Internal Revenue Code. In lieu of corporate income taxes, the shareholders are taxed on their proportionate share of the Company's taxable income. A provision for income taxes has been made for states that tax S Corporation income and for states where the Company files composite tax returns for its shareholders.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NATIONAL BRANDS, INC.
Notes to Financial Statements
December 31, 2003 and 2002

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclassifications

Certain amounts in prior year financial statements have been reclassified for comparative purposes to conform with tax presentation in the current year financial statements.

NOTE 2. NOTE PAYABLE - BANK

The Company has a revolving bank line of credit. Under the terms of this arrangement the Company may borrow up to \$1,000,000 at the bank's prime rate 4.25 at December 31, 2003. The line of credit is renewable on December 1, 2004. The line is secured by a negative pledge on assets. Certain restrictions and covenants are stated in the debt agreement. Under these restrictions, the Company must maintain certain levels of tangible net worth and maintain certain levels of income. In addition, the Company must maintain certain financial ratios. The Company is in compliance with these covenants at December 31, 2003. There were no amounts owed at December 31, 2003 and 2002.

NOTE 3. RETIREMENT PLAN

The Company has a 401(k) plan covering all employees who have completed one year of service and have attained age 21. The Company stopped matching contributions in 2002. For the years ending December 31, 2003 and 2002, the Company's matching contributions were \$0 and \$16,358, respectively.

NOTE 4. OPERATING LEASES

The Company leases wall or floor space for installation of its pay phones. Rental fees are based upon an agreed percentage of revenue generated from the phones. There are no guaranteed minimum lease payments and the Company can cancel the leases at any time. The base lease is paid in advance and amortized over the term of the lease. These amounts are included on the financial statements under prepaid expenses.

The Company also leases certain equipment and vehicles under several non-cancelable operating leases over lease terms of 36 to 60 months. Monthly payments range from \$294 to \$579 and expire between March 2004 and August 2006. The Company is responsible for all insurance, taxes and repairs and maintenance on the equipment. Rent expense on the equipment for the years ended December 31, 2003 and 2002 was \$38,139 and \$39,735, respectively.

NATIONAL BRANDS, INC.
Notes to Financial Statements
December 31, 2003 and 2002

NOTE 4. OPERATING LEASES (continued)

Future minimum rental payments under these operating leases as of December 31, 2003, are as follows:

<u>Year Ending December 31,</u>	
2004	\$ 28,662
2005	17,249
2006	<u>2,968</u>
	<u>\$ 48,879</u>

NOTE 5. RENTAL INCOME

The Company has entered into agreement to lease a portion of its warehouse and office building on a lease that expires April 2008. The Company collects monthly rents on this lease of \$25,000 through April 2004 and \$27,058 through April 2008. The tenants are responsible for their portion of utilities and taxes. During the years ended December 31, 2003 and 2002, the Company received \$300,056 for each year.

The assets under lease consist of:

	<u>2003</u>	<u>2002</u>
Building Warehouse Costs	\$ 1,900,500	\$ 1,900,500
Accumulated Depreciation	<u>(1,041,664)</u>	<u>(990,965)</u>
Net Basic Value	<u>\$ 858,836</u>	<u>\$ 909,535</u>

Future rent payment on this lease as of December 31, 2003 are as follows:

<u>Year Ending December 31,</u>	
2004	\$ 316,704
2005	316,704
2006	316,704
2007	316,704
2008	<u>108,352</u>
	<u>\$ 1,375,168</u>

NOTE 6. CONCENTRATION OF CREDIT RISKS AND MAJOR CUSTOMERS

Financial instruments that subject the Company to potential concentrations of credit risk consist principally of cash and trade accounts receivable. The Company maintains its cash in bank accounts, which at times, may exceed federally insured limits. The company's uninsured bank balance at December 31, 2003 was approximately \$2,150,000. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash balances. Concentrations of credit risk with respect to accounts receivable are limited due to the financial strength of the customer base. The Company performs ongoing credit evaluations of its customers' financial condition and, generally, requires no collateral from its customers.

The Company grants credit to customers in the ordinary course of business. As of December 31, 2003 and 2002, one customer owed \$469,469 and \$585,884, which represents approximately 24% and 28% of the total accounts receivable.

During the year ended December 31, 2003 and 2002, the same customer accounted for approximately 80% and 95% of merchandise revenue.

NOTE 7. RELATED PARTY TRANSACTIONS

A majority of the common stock of an affiliated company and the Company are held under common ownership. The affiliated company charged the Company \$8,400 and \$9,600, respectively, during the years ended December 31, 2003 and 2002 for data processing and accounting services, equipment and property rental, delivery services and interest on short-term loans.

At December 31, 2003 and 2002, the Company had unsecured accounts receivable due from stockholders and officers totaling approximately \$9,011 and \$11,405, respectively.

At December 31, 2003 and 2002, the Company had a note receivable for \$23,000 from a stockholder which is collateralized by a deed of trust on a residence with estimated value exceeding the note receivable balance. This note bears interest at the applicable federal rate. The Company received \$0 and \$506, respectively, in interest during the years ended December 31, 2003 and 2002.

For the year ended December 31, 2003, the Company received \$2,938 of interest income from short-term loans to an affiliated company. There are no outstanding balances on these loans at December 31, 2003.

NATIONAL BRANDS, INC.
Notes to Financial Statements
December 31, 2003 and 2002

NOTE 8. INTEREST AND INCOME TAXES PAID

Cash paid for interest and income taxes for the years ended December 31, 2003 and 2002 were as follows:

	<u>2003</u>	<u>2002</u>
Interest	<u>\$ 0</u>	<u>\$ 0</u>
Income Taxes	<u>\$ 15,663</u>	<u>\$ 56,594</u>

Section E

NATIONAL BRANDS, INC.

D/B/A

SHARENET COMMUNICATIONS COMPANY

ATTACHMENT E

REVENUE AND ASSET PROJECTIONS

NATIONAL BRANDS, INC.

D/B/A

SHARENET COMMUNICATIONS COMPANY

Response to (B-4)

1. Projected total revenue for the first 12 months: \$1,000,000.00.
2. Operating expenses during the first 12 months: \$338,695 - cost of goods; \$342,000 - SG&A
3. Net book value of Arizona assets used to provide service in Arizona: \$1,978,949.00
4. Not Applicable.
5. Projected fair value of assets: \$7,975,928. Based on total assets of \$4,975,928.00, plus \$3,000,000.00 additional to bring the value of the building up to current market value.

Section F

NATIONAL BRANDS, INC.

D/B/A

SHARENET COMMUNICATIONS COMPANY

ATTACHMENT F

ARIZONA MAP

